



Board of Trustees Meeting

Thursday, September 11, 2008, 2:00 p.m.

Western Ag Credit, 10980 S. Jordan Gateway, South Jordan, UT

AGENDA

| 2:00 | Call to Order and Welcome New Board Member, LaMar Guymon | Lynn Lemon |
|-------------|--|----------------|
| ITEM | ACTION | |
| 1 | Excuse Board Members Absent | Lynn Lemon |
| 2 | Approval of August 11, 2008 Meeting Minutes | Steve Wall |
| 3 | Approve 2007 Audit Report Amendments | Lynn Lemon |
| 4 | Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual | Lynn Lemon |
| 5 | Action on Personnel Matters | Lynn Lemon |
| 6 | Set Date and Time for Closed Meeting to Discuss the Pending or Reasonably Imminent Litigation | Lynn Lemon |
| 7 | Action on Litigation Matters | Kent Sundberg |
| 8 | Review/Approve UCIP Employee Manual Amendments | Johnnie Miller |
| 9 | Ratification of Lease Agreement with Western Ag Credit | Johnnie Miller |
| 10 | Ratification and Approval of Payments and Credit Card Transactions | Steve Wall |
| 11 | Review/Approve Law Enforcement Program Reimbursement | Mark Brady |
| INFORMATION | | |
| | Review Certificate in Risk Management Conference Survey Results | Mark Brady |
| | Review Property Appraisal Report | Mark Brady |
| | Review Benefits Program | Johnnie Miller |
| | Investment Management Report | Johnnie Miller |
| | 2008 Budget Report | Sonya White |
| | Review/Amend Board Meeting Schedule | Sonya White |
| | Other Business | Lynn Lemon |

AFFIDAVIT OF LYNN LEMON

STATE OF UTAH

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COUNTY OF SALT LAKE

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Lynn Lemon, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.

2. That the Affiant, on or about the 11 day of September, 2008, presided over a meeting of the Utah Counties Insurance Pool Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Counties Insurance Pool Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

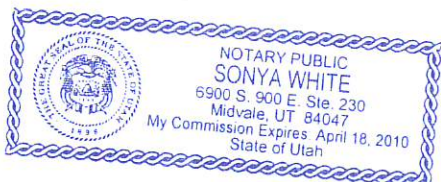
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

FURTHER, Affiant saith not.

DATED this 11 day of September, 2008.

Lynn Lemon
LYNN LEMON, President
Utah Counties Insurance Pool

On the 11 day of September 2008, personally appeared before me Lynn Lemon, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



Residing at: _____

My Commission Expires: _____

Sonya White
NOTARY PUBLIC
Midvale, UT
4/18/2010



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

BOARD OF TRUSTEES MEETING MINUTES

September 11, 2008, 2:00 p.m.
Western Ag Credit, South Jordan, UT

BOARD MEMBERS PRESENT

Lynn Lemon, *President*, Cache County Executive
Kay Blackwell, *Vice President*, Piute County Commissioner
Steve Wall, *Secretary-Treasurer*, Sevier County Clerk-Auditor
Bruce Adams, San Juan County Commissioner
Ken Bischoff, Weber County Commissioner
Jim Eardley, Washington County Commissioner
LaMar Guymon, Emery County Sheriff
Jerry Hess, Davis County Deputy Attorney
Karla Johnson, Kane County Clerk-Auditor
Wayne Smith, Iron County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Steve White, Utah County Commissioner

BOARD MEMBERS ABSENT

Brad Dee, Weber County Human Resources Director

OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer
Mark Brady, UCIP Loss Control Manager
Sonya White, UCIP Manager of Administration

Call to Order

Lynn Lemon called this meeting of the Utah Counties Insurance Pool Board of Trustees to order at 2:00 p.m. on September 11, 2008 and welcomed new Board Member, Sheriff LaMar Guymon.

Review of Board Members Absent

Brad Dee requested to be excused from this meeting due to a prior commitment. Kay Blackwell made a motion to excuse Brad Dee from this meeting. Steve Wall seconded the motion, which passed; Kent Sundberg opposed.

Approval of August 11, 2008 Meeting Minutes

The minutes of the Board of Trustees meeting held August 11, 2008 were previously sent to the Board for review. Steve Wall made a motion to approve the August 11, 2008 meeting minutes as written. Steve White seconded the motion, which passed unanimously.

Approve 2007 Audit Report Amendments

Lynn Lemon reported that the Audit Committee met telephonically on September 3, 2008 to review and discuss the discrepancy between the audit report and the actuarial report. The discrepancy has been reconciled and an adjustment of \$24,185 has been made to the Loss and Loss Adjustment Expense (see attachment number one). Steve White made a motion to approve the 2007 Audit Report as amended and presented. Kent Sundberg seconded the motion, which passed unanimously.

Johnnie Miller explained that in reporting UCIP's semi-annual investments to the State Money Management Council, staff found that UBS Financial Services was no longer listed as a Certified Broker and that securities being placed by UBS did not qualify under the Money Management Act as well as three FICO securities placed by Wachovia. The Audit Committee recommended that no further business be conducted with UBS Financial Services, that all non-qualifying securities be sold and monies moved into the Public Treasurers Investment Fund. Steve Wall made a motion to accept the recommendations of the Audit Committee. Karla Johnson seconded the motion, which passed unanimously. UCIP will need to go through the RFP process to find a qualified Certified Broker.

Set Date and Time for Closed Meeting

Kay Blackwell made a motion to set the date and time for a closed meeting to discuss the character, professional competence, and/or physical/mental health of an individual for September 11, 2008 at 2:20 p.m. Karla Johnson seconded the motion, which passed unanimously. Board Members present during the closed meeting were: Lynn Lemon, Kay Blackwell, Steve Wall, Bruce Adams, Ken Bischoff, Jim Eardley, LaMar Guymon, Jerry Hess, Karla Johnson, Wayne Smith, Kent Sundberg and Steve White. Also present was: Johnnie Miller.

The regular meeting resumed at 2:45 p.m. on September 11, 2008.

Action on Personnel Matters

Karla Johnson made a motion directing Johnnie Miller, on behalf of the Board, to deny the claims of wrongful termination and wrongful appeal, in the matter of UCIP adv. Green. Steve Wall seconded the motion, which passed unanimously.

Karla Johnson made a motion authorizing the restructure of the Claims Specialist and Member Services Specialist positions (see attachment number two). Wayne Smith seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Steve White made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for September 11, 2008 at 2:50 p.m. Bruce Adams seconded the motion, which passed unanimously. Board Members present at the closed meeting were: Lynn Lemon, Kay Blackwell, Steve Wall, Bruce Adams, Ken Bischoff, Jim Eardley, LaMar Guymon, Jerry Hess, Karla Johnson, Wayne Smith, Kent Sundberg and Steve White. Others present were: Johnnie Miller, Mark Brady and Sonya White.

The regular meeting resumed at 2:55 p.m. on September 11, 2008.

Action on Litigation Matters

Kent Sundberg made a motion to strike item seven from the agenda. Steve White seconded the motion, which passed unanimously.

Review/Approve UCIP Employee Manual Amendments

The Amended Employee Manual was previously sent to the Board for review (see attachment number three). Johnnie Miller reported that the recommended changes, discussed at the last two Board meetings, have been incorporated into the draft Manual. A separate document of discretionary benefits will enable the Board to review and change benefits each year, if necessary, without having to amend the Employee Manual. The Board had concerns regarding vacation, sick and bereavement leave. Lynn Lemon requested that Johnnie review Cache County's personal leave time policy. The Board tabled this item until the next meeting.

Ratification of Lease Agreement with Western Ag Credit

Johnnie Miller reported that Western Ag Credit agreed to all the item amendments that the Board of Trustees discussed at their last meeting and therefore, as directed by the Board, Johnnie executed the Lease Agreement (see attachment number four). Jim Eardley made a motion to ratify the execution of the Lease Agreement between Western Ag Credit and UCIP. Bruce Adams seconded the motion, which passed unanimously.

Ratification and Approval of Payments and Credit Card Transactions

Steve Wall reviewed the payments made, payments to be made (see attachment number five) and credit card transactions with the Board. Steve Wall made a motion to approve the payments made, payments to be made and credit card transactions. Ken Bischoff seconded the motion, which passed unanimously.

Review/Approve Law Enforcement Program Reimbursement

Mark Brady explained that over the past few years, member sheriff's offices have looked to UCIP for reimbursement of CALEA start-up costs. There has been some confusion as to what UCIP should be paying for these start-up costs. Because CALEA is very stringent and most member sheriff's offices have not sought CALEA certification, Mark has been researching other loss control management type programs for law enforcement. Lexipol provides service administration and field policies that are uniform for the counties at a reasonable price (see attachment number six). Mark recommended that UCIP pay the initial development fee of approximately \$7,000 for each participating member county. Jim Eardley made a motion to table the approval of the Law Enforcement Program Reimbursement for budgetary review. Steve White seconded the motion, which passed unanimously.

Review Certificate in Risk Management Conference Survey Results

Mark Brady reviewed with the Board the survey results from the Certificate in Risk Management Conference held August 12-14, 2008, in Cedar City (see attachment number seven).

Review Property Appraisal Report

Mark Brady reviewed the interim results of the RCI Property Appraisals on four of the eight member counties being appraised in 2008 (see attachment number eight). UCIP's policy covers for replacement cost and therefore, replacement cost values need to be reported on the member's property schedule.

Review Benefits Program

Johnnie Miller reported that the Benefits Program Advisory Committee and staff met with representatives from PEHP on August 21, 2008 (see attachment number nine). UCIP staff has been directed to negotiate 2009 rates with PEHP. Johnnie met with representative from Guardian Life Insurance Company to discuss all products, other than medical, to be offered to UCIP members at a potential savings.

2008 Budget Report

Sonya White provided the Board with a summary of estimated amendments that will need to be made to the 2008 budgets. The draft amendments will be presented to the Board at the December 2008 meeting (see attachment number ten).

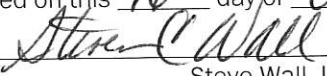
Review/Amend Board Meeting Schedule

Sonya White provided the Board with a list of the remaining regular meeting dates, times and places for 2008 along with the primary agenda items to be discussed at these meetings. Other meeting dates for 2008 and 2009 were also provided (see attachment number 11).

Other Business

Johnnie Miller reviewed the results posted in the *Property and Casualty Insurance News* in regards to the pure loss ratio by carrier and by state for workers' compensation. The Work Comp Fund of Utah had a combined loss ratio of 103.0% in 2006 and 104.9% in 2007 (see attachment number 12).

The next meeting of the Board will be held on October 16, 2008, 10:00 a.m. at the Utah County Commission Office in Provo.

Approved on this 16th day of October 2008

Steve Wall, UCIP Secretary-Treasurer



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

MEMORANDUM

To: UCIP Audit Committee Members

From: Johnnie Miller, UCIP CEO

Date: August 26, 2008

Re: Changes in 2007 Auditor's Report

Attached are copies of the 2007 Audit Report approved by the Committee at your meeting of April 15, 2008 and subsequently by the Board of Trustees at their meeting of April 18, 2008, and a draft revised 2007 Audit Report for your review and approval. During the April 18th meeting, UCIP's actuary noticed a discrepancy between her report and the auditor's report related to the estimate of Loss & Loss Adjustment Expenses. Staff provided the actuary and auditor additional information to reconcile the discrepancy. Ultimately, the actuary and auditor agreed the Loss and Loss Adjustment Expense estimate for the multi line program should be increased by \$24,185 from \$2,351,773 to \$2,375,958. This change impacted the Change in Net Assets, reducing that number from \$286,035 to \$249,334. The reduction in Net Assets left UCIP with Net Assets at the end of the year of \$3,219,804. The Net Assets at the end of the year reported to you in April were 3,256,505.

The discrepancy resulted as the claim system loss reports used by the actuary reported payments of ceded losses from reinsurers as recoveries. The auditor had used bank statements to account for recoveries and payments of ceded losses. We have noted this issue with our claim system administrator so future loss data provided the actuary will account for ceded losses separately from other recoveries (salvage and subrogation).

Necessary changes to the financial statements, Managements Discussion and Analysis and the Auditor's Report have been made, and a revised report was filed with the State of Utah.

I respectfully request and recommend the Committee approve the changes to the 2007 Audit Report, and that the Committee recommend its approval by the Board of Trustees.

JRM/jrm

UTAH COUNTIES INSURANCE POOL

Financial Statements
and
Independent Auditors' Report

December 31, 2007 and 2006

DRAFT

UTAH COUNTIES INSURANCE POOL

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Utah Counties Insurance Pool

We have audited the accompanying basic financial statements of **Utah Counties Insurance Pool** as of December 31, 2007 and 2006, and for the years then ended, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Pool's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. The Pool is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of **Utah Counties Insurance Pool** as of December 31, 2007 and 2006, and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements of the Pool, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information as listed under the heading of Required Supplementary Information in the accompany table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Pool, but is supplementary information required by the Governmental Accounting Standards Board.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008, on our consideration of the Pool's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Salt Lake City, Utah
June 24, 2008

UTAH COUNTIES INSURANCE POOL

Management's Discussion and Analysis December 31, 2007 and 2006

The following management discussion of the Utah Counties Insurance Pool is intended to supplement the auditor's notes to the basic financial statements to provide readers a broader understanding of the information provided in the basic financial statements as it relates to the current operation and long term viability of the organization.

General Discussion

Company Background

Utah Counties Insurance Pool (UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual. In July 2003, the organization was renamed the Utah Counties Insurance Pool. UCIP operates as an interlocal entity formed under section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, and is considered a non-profit public agency insurance mutual under the insurance statutes of the State of Utah. Counties and other county related public agencies enter into the UCIP Interlocal Agreement to jointly self-insure risks of loss for Property, Auto, General Liability, Public Officials Liability, Law Enforcement Liability, Workers Compensation and Employee Benefits. In addition, members are provided risk management services to assist in controlling losses. All of the Pool's business activities are conducted in the State of Utah. UCIP began an Employee Benefits Program effective January 1, 2007. The benefits program was fully insured by the Public Employees Health Plan (PEHP), a division of the Utah Retirement System. UCIP provided administrative services under contract with PEHP including marketing, enrollment, billing and reporting.

2007 Marketplace

The insurance marketplace continued to soften during 2007, creating an increasingly competitive marketplace, while also providing for reduced costs for excess insurance and reinsurance.

Asset Protection

UCIP, like traditional insurance carriers, protects its assets by securing reinsurance and excess insurance to cover catastrophic events and other large losses above UCIP's self insured retentions. For 2007, UCIP secured excess property insurance from Affiliated FM insurance company. UCIP covered its excess liability reinsurance and workers' compensation risks through membership in County Reinsurance Limited (CRL). CRL is a Vermont-domiciled captive reinsurer formed under the auspices of the National Association of Counties. As a CRL member, UCIP is also an equity owner of CRL, along with county risk pools from fourteen other states. For purposes of this statement, the equity in CRL is shown as an investment.

Investments

UCIP utilizes investment income on assets not immediately needed for payment of claims and expenses to increase member equity.

The UCIP Board of Trustees has adopted a conservative investment policy which adheres to the Utah Money Management Act. Investment activities are monitored by both the Board and the Board's Audit Committee to assure compliance with the policy. UCIP does not invest in common stocks or mortgages. Some short-term investments are on deposit with the Utah Public Treasurer's Investment Fund and are available on a daily basis to

UTAH COUNTIES INSURANCE POOL

Management's Discussion and Analysis
December 31, 2007 and 2006

meet cash flow needs related to claims and expenses. Currently the book value of the Pool's portfolio is \$11,860,416 as reported in the accompanying basic financial statements.

Basic Financial Statements

The basic financial statements reported herein are designed to provide readers with a broad overview of UCIP's finances, in a manner similar to private-sector business.

Statements Provided

The ***Statements of Net Assets*** present information on all of UCIP's assets and liabilities, with the difference between the two reported as net assets, also referred to as Member Equity. Over time, increases or decreases in net assets can serve as an indicator of UCIP's financial condition.

The ***Statements of Revenues and Expenses and Changes in Net Assets*** present information on changes in income, expenses and net assets during the fiscal year. Expenses are recorded as soon as the underlying event occurs, regardless of timing of payment of the expense. Accordingly, some expenses reported in this statement will result in cash flows in future periods.

The ***Statements of Cash Flows*** present information on the actual cash flow including both income and expense during the fiscal year. Cash flow during the period is presented without regard to the period in which the loss or service associated with the expense occurred. Accordingly, some expenses reported in this statement may have been reported in prior Statements of Net Assets or Statements of Revenues and Expenses and Changes in Net Assets.

Review of Statements of Net Assets

Assets - Total assets at the end of 2007 were \$12,875,539, an increase of \$515,392 over 2006. Total assets at the end of 2006 were \$12,360,147, an increase of \$1,223,039 over 2005. Capital assets (net of depreciation) totaled \$709,005 at the end of 2007, as compared to \$109,269 for 2006, an increase of \$599,736. The increase results from the purchase of land intended as a building site for UCIP's future office site.

Liabilities - Total liabilities at the end of 2007 were \$9,655,735, an increase of \$266,057 over 2006. Total liabilities at the end of 2006 were \$9,389,678, an increase of \$1,223,039 over 2005. Reserves for losses and loss adjustment expenses at the end of 2007 were \$7,928,458 as compared to \$7,305,587 at the end of 2006, an increase of \$622,871. Reserves are reviewed, and IBNR factors are developed by the Pool's actuary. IBNR factors are developed from prior years loss data to account for changes in reserves from the current claim reserve to the ultimate amount incurred as well as increased reserves for claims incurred but not yet reported to UCIP.

UTAH COUNTIES INSURANCE POOL
Management's Discussion and Analysis
December 31, 2007 and 2006

Net Assets - Net assets (Member Equity) at December 31, 2007 equaled \$3,219,804 as compared to \$2,970,470 at the end of 2006, an increase of \$249,333. Net assets at December 31, 2005 were \$3,290,514 as compared to \$4,569,465 at the end of 2004. For the most part, changes in net assets track with changes in reserves and IBNR identified by the actuary.

| Condensed Statement of Net Assets | | | |
|--|----------------------|----------------------|-------------------|
| Assets: | 2007 | 2006 | Net Change |
| Current and other assets | \$ 12,166,534 | \$ 12,250,879 | \$ (84,345) |
| Capital assets | 709,005 | 109,269 | 599,736 |
| Total assets | \$ 12,875,539 | \$ 12,360,148 | \$ 515,391 |
| Liabilities: | | | |
| Current and other liabilities | \$ 9,655,735 | \$ 9,389,678 | \$ 266,057 |
| Long-term liabilities | - | - | - |
| Total liabilities | 9,655,735 | 9,389,678 | 266,057 |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 709,005 | 109,269 | 599,736 |
| Restricted | 28,170 | 79,963 | (51,793) |
| Unrestricted | 2,482,628 | 2,781,238 | (298,610) |
| Total net assets | 3,219,804 | 2,970,470 | 249,333 |
| Total liabilities and net assets | \$ 12,875,539 | \$ 12,360,148 | \$ 515,390 |

UTAH COUNTIES INSURANCE POOL
Management's Discussion and Analysis
December 31, 2007 and 2006

| Condensed Statement of Net Assets | | | |
|---|----------------------|----------------------|---------------------|
| Assets: | 2006 | 2005 | Net Change |
| Current and other assets | \$ 12,250,878 | \$ 11,051,713 | \$ 1,199,165 |
| Capital assets | 109,269 | 85,395 | 23,874 |
| Total assets | \$ 12,360,147 | \$ 11,137,108 | \$ 1,223,039 |
| Liabilities: | | | |
| Current and other liabilities | \$ 9,389,978 | \$ 7,846,594 | \$ 1,543,384 |
| Long-term liabilities | - | - | - |
| Total liabilities | 9,389,978 | 7,846,594 | 1,543,384 |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 109,269 | 85,395 | 23,874 |
| Restricted | 79,863 | 129,564 | (49,601) |
| Unrestricted | 2,781,237 | 3,075,555 | (294,318) |
| Total net assets | 2,970,469 | 3,290,514 | (320,045) |
| Total liabilities and net assets | \$ 12,360,447 | \$ 11,137,108 | \$ 1,223,339 |

Review of Statements of Revenues and Expenses and Changes in Net Assets

Revenues - Revenues increased \$3,011,075, to approximately \$13.9 million in 2007. The increase is mostly attributable to the new employee benefits pool which contributed an additional \$3,865,313 of written premium in 2007. Revenues increased \$4,546,638 to approximately \$10.9 million in 2006. The increase is attributable to exposure increases of existing members, rate increases, increased investment earnings, and increased participation in the Workers' Compensation Program. Workers' Compensation earned about \$2,080,000 in premium in 2007 and about \$1,600,000 in premium in 2006, an increase of 30% over 2006 and 75% over 2005. The Multiline program increased rates in 2007 for the 2007 year, part of which is intended to restore some net equity.

| Condensed Statement of Revenues | | | |
|--|----------------------|----------------------|---------------------|
| Revenues: | 2007 | 2006 | Net Change |
| Premiums and other considerations | \$ 13,208,070 | \$ 10,191,520 | \$ 3,016,550 |
| Investment income | 646,985 | 493,729 | 153,256 |
| Realized loss on investments | 24,926 | 7,142 | 17,784 |
| Other income | 32,198 | 208,713 | (176,515) |
| Total revenues | \$ 13,912,179 | \$ 10,901,104 | \$ 3,011,075 |

UTAH COUNTIES INSURANCE POOL
Management's Discussion and Analysis
December 31, 2007 and 2006

| Condensed Statement of Revenues | | | |
|--|----------------------|---------------------|---------------------|
| Revenues: | 2006 | 2005 | Net Change |
| Premiums and other considerations | \$ 10,191,520 | \$ 5,869,005 | \$ 4,322,515 |
| Investment income | 493,729 | 489,849 | 3,880 |
| Realized loss on investments | 7,142 | (13,188) | 20,330 |
| Other income | 208,713 | 8,800 | 199,913 |
| Total revenues | \$ 10,901,104 | \$ 6,354,466 | \$ 4,546,638 |

Expenses - For 2007, the increase in administration expenses consists of \$3.8 million paid in premiums to Public Employers Health Plan (PEHP) for the new employee benefits pool. For 2007, losses and loss adjustment expenses increased in part due to claims paid for new members of the workers' compensation program. For 2006, losses and loss adjustment expenses increased in part due to claims paid through the workers' compensation program. Reinsurance expenses increased due to exposure increases in workers' compensation. Increases in administration expenses include increases in staffing and increased costs for existing staff.

| Condensed Statement of Expenses | | | |
|--|----------------------|----------------------|---------------------|
| Expenses: | 2007 | 2006 | Net Change |
| Losses and loss adjustment expenses | \$ 5,910,051 | \$ 5,910,051 | \$ 13,339 |
| Other operating expenses | 7,739,455 | 5,311,098 | 2,428,357 |
| Total expenses | \$ 13,649,506 | \$ 11,221,149 | \$ 2,441,696 |

| Condensed Statement of Expenses | | | |
|--|----------------------|---------------------|---------------------|
| Expenses: | 2006 | 2005 | Net Change |
| Losses and loss adjustment expenses | \$ 5,910,051 | \$ 6,325,882 | \$ (415,831) |
| Other operating expenses | 5,311,098 | 1,307,535 | 4,003,563 |
| Total expenses | \$ 11,221,149 | \$ 7,633,417 | \$ 3,587,732 |

Change in Net Assets - Change in net assets for 2007 was an increase of \$249,334. Change in net assets for 2006 was a decrease of \$320,046. The decrease was due to increased reserve requirements.

CASH FLOW AND LIQUIDITY

Cash Flow - UCIP's primary sources of revenue are annual contributions paid by members (referred to as "premiums" in the accompanying statements) and investment income. The primary expenses are claims payments, claims adjusting expense and general administration expenses. There are no known demands for cash that will likely cause material changes in the cash flow pattern.

Liquidity - Management monitors liquidity needs through actuarial reports and review of claims settlements to limit loss of investment income potential, while assuring prompt payment of all claims and expenses. Immediate and near-term cash needs are also met

UTAH COUNTIES INSURANCE POOL

Management's Discussion and Analysis
December 31, 2007 and 2006

using investments in the Public Treasurer's Investment Fund (PTIF). Investments in PTIF can be liquidated without penalty on a daily basis. Assets that can be invested for a longer time period, thereby yielding a higher return, are "laddered" so that investments mature periodically to meet ongoing cash flow needs.

Expected Trends

The budget for the year 2007 was approved by the Board of Trustees and reflected no change in net assets. Total revenue was budgeted to increase 12% over 2006. This figure reflects an 11% overall increase in the multiline program and expected premium increases from a fourth year of operating the workers compensation program. Total expenses were budgeted to balance with revenues.

Board Policies and Management Practices

The UCIP Board of Trustees currently requires that audits, conducted by independent outside firms, be performed on an annual basis. The 2007 audit schedule included an actuarial loss reserve analysis, an actuarial contribution study, and a financial audit. A claims administration audit was also performed in 2007.

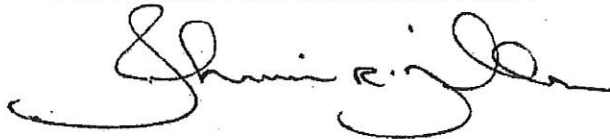
Opinion

The preceding Management's Discussion and Analysis provides an assessment of the financial position, results of operations, and cash flow and liquidity for the fiscal year ended December 31, 2007, as reported in the 2007 Annual Report. Representations made herein are those of management according to the best of their knowledge and belief.

This financial report is designed to provide a general overview of the Pool's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer, Utah Counties Insurance Pool, P.O. Box 760, Midvale, UT 84047.

Dated: June 24, 2008

UTAH COUNTIES INSURANCE POOL



Johnnie R. Miller
Chief Executive Officer

UTAH COUNTIES INSURANCE POOL

Management's Discussion and Analysis

December 31, 2007 and 2006

| ASSETS | 2007 | 2006 |
|---|----------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 5,326,840 | \$ 2,500,235 |
| Accounts receivable | 601,820 | 244,659 |
| Accrued investment income | 85,821 | 111,727 |
| Security deposit | 3,976 | 3,976 |
| Prepaid expenses | 5,653 | 30,100 |
| Total current assets | 6,024,110 | 2,890,697 |
| Investments | 6,142,424 | 9,360,181 |
| Capital assets , net of accumulated depreciation of \$96,779 and \$63,919, respectively | 709,005 | 109,269 |
| Total assets | \$ 12,875,539 | \$ 12,360,147 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Reserves for losses and loss adjustment expenses | \$ 7,928,458 | \$ 7,305,587 |
| Accounts payable | 1,195,811 | 766,438 |
| Payroll liabilities | 113 | 113 |
| Compensated absences payable | 23,887 | 63,970 |
| Premiums paid in advance | 507,440 | 1,253,544 |
| Total current liabilities | 9,655,709 | 9,389,652 |
| Building related payables | 26 | 26 |
| Total liabilities | 9,655,735 | 9,389,678 |
| Net assets: | | |
| Invested in capital assets | 709,005 | 109,269 |
| Restricted for: | | |
| Auto | - | 31,698 |
| Building debt service | - | 20,095 |
| Building repairs and maintenance | 28,170 | 28,170 |
| Unrestricted | 2,482,628 | 2,781,238 |
| Total net assets | 3,219,804 | 2,970,470 |
| Total liabilities and net assets | \$ 12,875,539 | \$ 12,360,147 |

UTAH COUNTIES INSURANCE POOL
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended December 31, 2007 and 2006

| | 2007 | 2006 |
|--------------------------------------|---------------------|---------------------|
| Operating income: | | |
| Premiums and other considerations | \$ 13,208,070 | \$ 10,141,520 |
| Investment income | 646,985 | 543,729 |
| Program management fees | 32,198 | 15,767 |
| Realized gain (loss) on investments | 24,926 | 7,142 |
| Miscellaneous income | - | 192,946 |
| Total income | 13,912,179 | 10,901,104 |
| Underwriting expenses: | | |
| Losses and loss adjustment expenses | 4,213,012 | 4,369,981 |
| Reinsurance expense | 1,479,423 | 1,359,354 |
| Employee benefit premiums | 6,169,886 | 3,851,153 |
| Risk management program credit | 230,595 | 180,716 |
| Total underwriting expenses | 12,092,916 | 9,761,204 |
| Administration expenses: | | |
| Accounting | 16,989 | 14,064 |
| Actuary | 17,000 | 8,448 |
| Auto | 13,477 | 14,497 |
| Bank expense | (160) | 30 |
| Board expense | 84,042 | 56,805 |
| Bonding | 1,500 | 30,042 |
| Building | 71,000 | 57,994 |
| Consulting | 80,700 | 178,075 |
| Copying | 6,794 | 6,203 |
| Depreciation | 50,226 | 31,190 |
| Dues and subscriptions | 6,971 | 5,793 |
| Exhibitions and sponsorships | 10,554 | 17,000 |
| Information technology | 70,634 | 7,539 |
| Insurance | 11,090 | 6,442 |
| Land purchase | 3,271 | - |
| Land use hotline program | 3,608 | 6,462 |
| Licenses & permits | 663 | 1,416 |
| Lobbying & legislative tracking | 4,071 | 2,223 |
| Loss control - training | 72,799 | 49,490 |
| Marketing | 8 | 345 |
| Miscellaneous expense | 360 | - |
| Office equipment | 1,330 | 1,509 |
| Office supplies | 5,561 | 6,905 |
| Postage | 5,541 | 4,369 |
| Premium credits and incentives | 5,837 | 5,000 |
| Premium taxes | 77,799 | 67,946 |
| Printing | 4,785 | 2,948 |
| Professional fees | 9,081 | 15,195 |
| Staff expenses | 927,496 | 704,954 |
| Telephone | 8,465 | 8,149 |
| TPA WC | (1,563) | 148,913 |
| Total administration expenses | 1,569,929 | 1,459,946 |
| Total operating expenses | 13,662,845 | 11,221,150 |
| Change in net assets | 249,334 | (320,046) |
| Net assets, beginning of year | 2,970,470 | 3,290,516 |
| Net assets, end of year | \$ 3,219,804 | \$ 2,970,470 |

The accompanying notes to financial statements are an integral part of these statements.

UTAH COUNTIES INSURANCE POOL
Statements of Cash Flows
For the Years Ended December 31, 2007 and 2006

| | <u>2007</u> | <u>2006</u> |
|--|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| Premiums collected | \$ 12,231,371 | \$ 10,037,429 |
| Program management fees collected | 32,198 | 14,124 |
| Reinsurance paid | (1,479,423) | (1,359,354) |
| Amounts withheld for others | (6,527,047) | (3,883,040) |
| Losses and loss adjustment expenses paid | (3,590,141) | (3,563,386) |
| Administrative expenses paid | (1,107,048) | (683,106) |
| Net cash provided (used) by operating activities | <u>(440,090)</u> | <u>562,667</u> |
| Cash flows from capital and related financing activities: | | |
| Building security deposit | - | (3,976) |
| Acquisition of capital assets | (68,487) | (71,948) |
| Net cash used by capital and related financing activities | <u>(68,487)</u> | <u>(75,924)</u> |
| Cash flows from investing activities: | | |
| Purchases of investments | (3,586,455) | (4,889,285) |
| Proceeds from sale of investments | 6,904,636 | 5,041,000 |
| Proceeds from sale of PP&E | 12,000 | - |
| Purchase of land | (592,390) | - |
| Interest on investments | 597,392 | 400,009 |
| Net cash provided by investing activities | <u>3,335,183</u> | <u>551,724</u> |
| Net increase in cash and cash equivalents | <u>2,826,606</u> | <u>1,038,467</u> |
| Cash and cash equivalents at beginning of period | <u>2,500,235</u> | <u>1,461,768</u> |
| Cash and cash equivalents at end of period | <u><u>\$ 5,326,840</u></u> | <u><u>\$ 2,500,235</u></u> |

The accompanying notes to financial statements are an integral part of these statements.

Reconciliation of change in net assets to net cash used in operating activities:

| | <u>2007</u> | <u>2006</u> |
|--|---------------------|-------------------|
| Change in net assets | \$ 249,334 | \$ (320,046) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 50,226 | 31,190 |
| Interest received on investments | (597,392) | (400,009) |
| Amortization of investments | 648 | 2,852 |
| Increase in equity in CRL | (76,146) | (114,048) |
| Realized (gain) loss on sale of investments | (24,926) | (7,142) |
| (Gain) loss on disposal of equipment | (1,084) | 16,885 |
| Changes in assets and liabilities: | | |
| Increase in accounts receivable | (357,161) | (226,476) |
| Increase (decrease) in accrued investment income | 25,906 | (32,524) |
| Decrease in prepaid expenses | 24,447 | 68,900 |
| Increase in reserves for loss and loss adjustment expenses | 622,871 | 806,595 |
| Increase in accounts payable | 429,373 | 656,337 |
| Increase (decrease) in payroll liabilities | - | (11,412) |
| Increase (decrease) in compensated absences | (40,083) | 28,804 |
| Increase (decrease) in premiums paid in advance | (746,104) | 76,626 |
| Decrease in building related payable | - | (13,865) |
| Total adjustments | <u>(689,424)</u> | <u>882,713</u> |
| Net cash provided (used) by operating activities | <u>\$ (440,090)</u> | <u>\$ 562,667</u> |

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Utah Counties Insurance Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. The Pool is a non-profit public agency insurance mutual under the insurance statutes of the State of Utah and is an interlocal entity formed under section 11.13.101 et. seq. *Utah Code Annotated, 1953* as amended, as a joint program to insure risks for counties who enter into the interlocal agreement that creates UCIP. The Pool started insuring workers compensation insurance effective January 1, 2004. The Pool also began an employee benefits pool on January 1, 2006. All of the Pool's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Pool adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* (GASB Statement 34), GASB Statement No. 37, *Basic Financial statement and Management's Discussion and Analysis - For State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*, in fiscal year 2002, effective January 1, 2001. Effective January 1, 2004, the Pool adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. With the implementation of these statements, the Pool has prepared required supplementary information titled 'Managements' Discussion and Analysis' which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net assets as invested in capital assets and unrestricted, has prepared the statements of cash flows on the direct method, and provided additional schedules to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting*, the Pool has opted to apply all pronouncements issued by the Financial Accounting Standards Board ("FASB") after November 1989, unless the FASB pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant of such policies.

Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The estimates which are particularly susceptible to change related to the actuarial valuation of the claims incurred but not reported and loss reserves. Actual results could differ from those estimates.

The Pool invests in various investment securities which, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

Premiums

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investment in Utah Public Treasurers' Fund, money market funds, and cash on deposit are considered to be cash equivalents.

Investments

Investments are comprised of various U.S. Government securities, certificates of deposit and investment in CRL.

Investments in U.S. Government securities as of December 31, 2007 and 2006 consist of held-to-maturity securities. Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The investment in CRL is valued using the equity method of accounting. Under the equity method, the Pool recognizes its share in the net earnings or losses of the company as they occur rather than as dividends are received.

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from 3 to 5 years. Depreciation expense for the years ended December 31, 2007 and 2006 amounted to **\$50,226** and \$31,160, respectively.

Maintenance and repairs, which do not materially extend the useful lives and minor replacements, are expensed as incurred.

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of December 31, 2007 and 2006. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes.

Cash and cash equivalents

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is **\$365,507** and **\$1,882,255**, as of December 31, 2007 and 2006, respectively. The corresponding bank balance of the deposits was **\$499,779** and **\$1,938,216** as of December 31, 2007 and 2006, respectively. As of December 31, 2007 and 2006, **\$200,000** and **\$100,000** of the Pool's cash on deposit was insured by the FDIC.

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an insurer's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2007 and 2006, the Pool had amounts over FDIC insurance of **\$1,042,418** and **\$558,733**. As of December 31, 2007 and 2006, the Pool had amounts over SIPC insurance of **\$500,000** and **\$0**.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of December 31, 2007 and 2006, the Pool's cash and cash equivalents and investments included the following:

| | 2007 | 2006 |
|--|----------------------|----------------------|
| Cash on deposit | \$ 381,931 | \$ 602,772 |
| Money market funds | 1,891,319 | 1,592,796 |
| Municipal Bonds | 1,000,000 | - |
| Utah Public Treasurer's Investment Fund - held by the Pool | 2,053,590 | 304,667 |
| Total cash and cash equivalents | 5,326,840 | 2,500,235 |
| Certificates of deposit | 295,000 | 306,000 |
| Investments - U.S. government securities | 5,216,097 | 8,499,000 |
| Equity investments | 631,327 | 555,181 |
| Total cash and cash equivalents and investments | \$ 11,469,264 | \$ 11,860,416 |

Investments

The Pool records its investments in U.S. Treasuries and U.S Agencies at amortized cost. The differences between book value and fair value as of December 31, 2007 and 2006 are as follows:

| | 2007 | | | | |
|--------------------------|-------------------------|------------------------------|-------------------------------|---------------------|---------------------|
| | Cost/ Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | Statement Value |
| Certificates of deposit | \$ 295,000 | \$ - | \$ 17 | \$ 294,983 | \$ 295,000 |
| Government bonds | 5,216,097 | 40,862 | 2,946 | 5,254,013 | 5,216,097 |
| Equity investments | 555,181 | 76,146 | - | 631,327 | 631,327 |
| Total investments | \$ 6,066,278 | \$ 117,008 | \$ 2,963 | \$ 6,180,323 | \$ 6,142,424 |

| | 2006 | | | | |
|--------------------------|-------------------------|------------------------------|-------------------------------|---------------------|---------------------|
| | Cost/ Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | Statement Value |
| Certificates of deposit | \$ 306,000 | \$ - | \$ 523 | \$ 305,477 | \$ 306,000 |
| Government bonds | 8,499,000 | 30,899 | 108,145 | 8,421,754 | 8,499,000 |
| Equity investments | 441,119 | 114,048 | - | 555,181 | 555,181 |
| Total investments | \$ 9,246,119 | \$ 144,947 | \$ 108,668 | \$ 9,282,412 | \$ 9,360,181 |

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

The schedule below provides information about the credit risk, interest rate risk, credit rate risk, and concentration of credit risk associated with the Pool's investments as of December 31, 2007 and 2006.

| | | 2007 | | | | |
|---------------------------------|---------------------|----------------------------------|---------------------|-------------------|-------------------|--|
| | | Investment Maturities (in Years) | | | | |
| | Fair Value | Less Than 1 | 1-5 | 6-10 | More Than 10 | |
| Investment type: | | | | | | |
| as of December 31, 2007: | | | | | | |
| Certificates of deposit | \$ 294,983 | \$ 294,983 | \$ - | \$ - | \$ - | |
| U.S. Agencies | 5,254,012 | 2,780,706 | 2,473,306 | - | - | |
| Equity investment in CRL | 631,327 | - | - | - | 631,327 | |
| Total investments | \$ 6,180,323 | \$ 3,075,689 | \$ 2,473,306 | \$ - | \$ 631,327 | |
| | | | | | | |
| | | 2006 | | | | |
| | | Investment Maturities (in Years) | | | | |
| | Fair Value | Less Than 1 | 1-5 | 6-10 | More Than 10 | |
| Investment type: | | | | | | |
| as of December 31, 2006: | | | | | | |
| Certificates of deposit | \$ 305,477 | \$ 244,654 | \$ 60,823 | \$ - | \$ - | |
| U.S. Agencies | 8,421,754 | 7,821,712 | 98,500 | 501,542 | - | |
| Equity investment in CRL | 555,181 | - | - | - | 555,181 | |
| Total investments | \$ 9,282,412 | \$ 8,066,366 | \$ 159,323 | \$ 501,542 | \$ 555,181 | |

Interest Rate Risk

In accordance with the Pool investment policy, the Pool manages its exposure to declines in fair value by laddering the maturities of its securities.

Credit Rate Risk

It is the Pool's policy to limit its investments to the top ratings issued by nationally recognized statistical rating organizations (NRSROs) so the total investment portfolio maintains an "A" (S&P) or equivalent minimum rating. The Pool's investments in bonds were rated "AAA" by Standard & Poor's and Fitch Ratings, and "Aaa" by Moody's Investors Service.

Concentration of Credit Risk

The Pool's investment policy is that investment in commercial paper, corporate bonds and asset-backed obligations shall not exceed 20% of the total assets of UCIP's investments.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

3. INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund were 5.08% and 5.28% for the years ended December 31, 2007 and 2006, respectively.

4. CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are:

| 2007 | | | |
|----------------------|----------------------|-------------------------|------------------|
| | Beginning Balance | Capital Acquisitions | Dispositions |
| Land | \$ - | \$ 592,340 | \$ - |
| Capital assets | 173,188 | 68,537 | 28,282 |
| Total Capital Assets | <u>\$ 173,188</u> | <u>\$ 660,877</u> | <u>\$ 28,282</u> |
| | Ending Balance | | |
| | \$ 592,340 | | |
| | 213,443 | | |
| | <u>\$ 805,783</u> | | |

| 2007 | | | |
|--------------------------|----------------------|-------------------------|--------------|
| | Beginning Balance | Depreciation Expense | Dispositions |
| Accumulated depreciation | \$ 63,919 | \$ 50,226 | \$ 17,366 |
| | Ending Balance | | |
| | \$ 96,779 | | |

| 2006 | | | |
|----------------|----------------------|-------------------------|--------------|
| | Beginning Balance | Capital Acquisitions | Dispositions |
| Capital assets | \$ 126,566 | \$ 71,948 | \$ 25,326 |
| | Ending Balance | | |
| | \$ 173,188 | | |

| 2006 | | | |
|--------------------------|----------------------|-------------------------|--------------|
| | Beginning Balance | Depreciation Expense | Dispositions |
| Accumulated depreciation | \$ 41,171 | \$ 31,190 | \$ 8,442 |
| | Ending Balance | | |
| | \$ 63,919 | | |

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

5. RELATED PARTY TRANSACTIONS

Both the Pool and UAC had agreed that the Pool had an equity interest in the building. On September 18, 2006 UAC and the Pool signed a mutual release of the Pool's equity interest in the building for \$190,000. This amount is included in miscellaneous income for 2006 on these financial statements.

6. CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

7. REINSURANCE

Effective 2003, the Pool has purchased only specific reinsurance coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Effective 2004, the Pool has purchased reinsurance for its workers compensation insurance in excess of a \$300,000 self-insured retention.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Unsecured Reinsurance Recoverables

The Company has reinsurance recoverables in the amount of **\$475,348** and \$239,785 from its reinsurers for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium as of December 31, 2007 and 2006, respectively.

Reinsurance Recoverable in Dispute

The Company does not have any disputed balances or uncollectible funds.

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

8. RETIREMENT PLAN

The retirement plan for employees of the Pool is funded by the Pool. The employees are covered under multiple-employer, public employee retirement systems administered by the State Retirement System. This plan is noncontributory and includes a 401(k) plan. The Pool contributes 9.62% and 8.54% of employee's salaries under the plans. The Pool's employees are also covered under a 457 plan for which the Pool contributes 4.3% of employee's salaries.

The total retirement expense for the Pool for the year ended December 31, 2007 and 2006 was **\$140,209** and \$101,582, respectively.

9. UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased (decreased) by approximately **(\$97,000)** and \$555,000 in 2007 and 2006, respectively, as a result of reestimation of unpaid losses and loss adjustment expenses. This change is generally the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

| | <u>2007</u> | <u>2006</u> |
|-------------------------------------|-----------------|-----------------|
| Balance at January 1 (in thousands) | \$ 7,305 | \$ 6,498 |
| Included, related to: | | |
| Current year | 4,672 | 4,392 |
| Prior year | (497) | (97) |
| Total incurred | <u>4,175</u> | <u>4,295</u> |
| Paid, related to: | | |
| Current year | 1,332 | 1,059 |
| Prior year | 2,220 | 2,429 |
| Total paid | <u>3,552</u> | <u>3,488</u> |
| Balance at December 31 | <u>\$ 7,928</u> | <u>\$ 7,305</u> |

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

10. OPERATING LEASE COMMITMENT

Beginning February 1, 2007, the Pool entered into a three year commitment to lease their office building. The Pool paid **\$70,100** and \$57,994 in rent and maintenance expenses for the years ending December 31, 2007 and 2006, respectively.

Future minimum rental commitments for the building operating lease as of December 31, 2007 are as follows:

| | | |
|------------------------------|----|---------------|
| 2008 | \$ | 50,491 |
| 2009 | | 4,218 |
| 2010 | | - |
| 2011 | | - |
| Total minimum lease payments | \$ | <u>54,709</u> |

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REQUIRED SUPPLEMENTARY INFORMATION

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UTAH COUNTIES INSURANCE POOL

Premiums and Loss Development Information

The following table compares the Pool's earned revenues net of reinsurance and investment income to related costs of losses and loss adjustment expenses, net of reinsurance, assumed by the Pool. The table is defined as follows: (1) show each year's net earned premiums, other operating revenues and interest income, (2) shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims, (3) show incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred, (4) shows the cumulative amounts paid as of the end of successive years for each accident year, (5) shows how each coverage year's incurred losses increased or decreased as of the end of the successive years: this annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims, (6) compares the latest reestimated incurred loss amounts to the amounts originally established. Pool information is only available in the format shown below for the years presented.

| (in thousands) | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| (1) Earned premiums, other operating revenues and investment revenues, net of reinsurance | 2,760 | 2,652 | 2,891 | 2,787 | 2,768 | 2,803 | 3,912 | 5,073 | 9,542 | |
| (2) Unallocated expense | 215 | 253 | 224 | 224 | 233 | 242 | - | - | - | - |
| (3) Estimated incurred claims, both paid and accrued, end of accident year | 1,558 | 1,530 | 1,580 | 1,715 | 1,905 | 2,304 | 3,495 | 4,334 | 4,245 | 4,672 |
| (4) Paid (cumulative) as of: | | | | | | | | | | |
| End of accident year | 592 | 480 | 334 | 504 | 511 | 661 | 1,104 | 1,383 | 1,059 | 1,332 |
| One year later | 740 | 744 | 468 | 964 | 910 | 1,190 | 1,786 | 2,361 | 2,289 | - |
| Two years later | 890 | 931 | 563 | 1,264 | 1,224 | 1,561 | 2,171 | 2,832 | - | - |
| Three years later | 1,175 | 1,024 | 788 | 1,588 | 1,406 | 2,213 | 2,463 | - | - | - |
| Four years later | 1,276 | 1,302 | 1,049 | 1,715 | 1,567 | 2,309 | - | - | - | - |
| Five years later | 1,225 | 1,422 | 1,056 | 1,715 | 1,671 | - | - | - | - | - |
| Six years later | 1,308 | 1,495 | 1,063 | 1,715 | - | - | - | - | - | - |
| Seven years later | 1,335 | 1,530 | 1,068 | - | - | - | - | - | - | - |
| Eight years later | 1,387 | 1,530 | - | - | - | - | - | - | - | - |
| Nine years later | 1,388 | - | - | - | - | - | - | - | - | - |
| (5) Reestimated incurred losses and expenses: | | | | | | | | | | |
| End of accident year | 1,558 | 1,530 | 1,581 | 1,714 | 1,905 | 2,304 | 3,495 | 4,334 | 4,245 | 4,672 |
| One year later | 1,558 | 1,531 | 1,183 | 1,923 | 1,574 | 2,178 | 3,524 | 4,448 | 3,773 | - |
| Two years later | 1,480 | 1,530 | 953 | 1,715 | 1,775 | 2,618 | 3,302 | 4,495 | - | - |
| Three years later | 1,395 | 1,463 | 972 | 1,715 | 1,850 | 2,624 | 3,100 | - | - | - |
| Four years later | 1,252 | 1,471 | 1,120 | 1,715 | 1,850 | 2,755 | - | - | - | - |
| Five years later | 1,309 | 1,530 | 1,079 | 1,715 | 1,850 | - | - | - | - | - |
| Six years later | 1,399 | 1,530 | 1,084 | 1,715 | - | - | - | - | - | - |
| Seven years later | 1,416 | 1,530 | 1,068 | - | - | - | - | - | - | - |
| Eight years later | 1,396 | 1,530 | - | - | - | - | - | - | - | - |
| Nine years later | 1,396 | - | - | - | - | - | - | - | - | - |
| (6) Decrease in estimated incurred losses and expenses from end of accident year | (162) | - | (512) | - | (55) | 451 | (395) | 161 | (472) | - |

SUPPLEMENTARY INFORMATION

DRAFT

UTAH COUNTIES INSURANCE POOL

Statement of Net Assets

by Line of Business

December 31, 2007

| ASSETS | | | | |
|--|----------------------|---------------------|--------------------------|----------------------|
| | Multiline | Workers Comp | Employee Benefits | Total |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 3,414,131 | \$ 1,612,702 | \$ 300,007 | \$ 5,326,840 |
| Accounts receivable | 601,820 | - | - | 601,820 |
| Accrued investment income | 85,821 | - | - | 85,821 |
| Prepaid expense | 5,653 | - | - | 5,653 |
| Other current assets | 3,976 | - | - | 3,976 |
| Total current assets | 4,111,401 | 1,612,702 | 300,007 | 6,024,110 |
| Investments | 5,958,679 | 183,745 | - | 6,142,424 |
| Capital assets, net of accumulated depreciation of \$96,779 | 709,005 | - | - | 709,005 |
| Total assets | \$ 10,779,085 | \$ 1,796,447 | \$ 300,007 | \$ 12,875,539 |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Reserves for losses and loss adjustment expenses | \$ 4,907,871 | \$ 3,020,587 | \$ - | \$ 7,928,458 |
| Accounts payable | 1,118,013 | 77,798 | - | 1,195,811 |
| Payroll liabilities | 113 | - | - | 113 |
| Compensated absences payable | 23,887 | - | - | 23,887 |
| Premiums paid in advance | 394,757 | 112,683 | - | 507,440 |
| Total current liabilities | 6,444,641 | 3,211,068 | - | 9,655,709 |
| Building related payables | 26 | - | - | 26 |
| Total liabilities | 6,444,667 | 3,211,068 | - | 9,655,735 |
| Net assets: | | | | |
| Invested in capital assets | 709,005 | - | - | 709,005 |
| Restricted for: | | | | |
| Auto | - | - | - | - |
| Building debt service | - | - | - | - |
| Building repairs and maintenance | 28,170 | - | - | 28,170 |
| Unrestricted | 3,597,243 | (1,414,621) | 300,007 | 2,482,629 |
| Total net assets | 4,334,417 | (1,414,621) | 300,007 | 3,219,804 |
| Total liabilities and net assets | \$ 10,779,084 | \$ 1,796,447 | \$ 300,007 | \$ 12,875,539 |

UTAH COUNTIES INSURANCE POOL
Statement of Revenues, Expenses, and Changes in Net Assets
by Line of Business
For the Year Ended December 31, 2007

| | Multiline | Workers Comp | Employee Benefits | Administrative | Total |
|--|---------------------|-----------------------|-------------------|--------------------|---------------------|
| Income: | | | | | |
| Premiums and other considerations | \$ 4,676,898 | \$ 2,373,338 | \$ 6,157,834 | \$ - | \$ 13,208,070 |
| Investment income | 530,253 | 81,732 | 35,000 | - | 646,985 |
| Program management fees | - | - | 32,198 | - | 32,198 |
| Realized gain on investments | 24,926 | - | - | - | 24,926 |
| Miscellaneous income | (360) | - | - | - | (360) |
| Total income | 5,231,717 | 2,455,070 | 6,225,032 | - | 13,911,819 |
| Underwriting expenses: | | | | | |
| Losses and loss adjustment expenses | 2,351,773 | 1,861,239 | - | - | 4,213,012 |
| Reinsurance expense | 1,048,957 | 430,466 | - | - | 1,479,423 |
| Employee benefit premiums | - | - | 6,169,886 | - | 6,169,886 |
| Risk management program credit | 179,607 | 50,988 | - | - | 230,595 |
| Total underwriting expenses | 3,580,337 | 2,342,693 | 6,169,886 | - | 12,092,916 |
| Administration expenses: | | | | | |
| Accounting | 8,641 | 6,755 | 1,593 | - | 16,989 |
| Actuary | 8,500 | 8,500 | - | - | 17,000 |
| Auto | - | - | - | 13,477 | 13,477 |
| Bank expense | - | - | - | (160) | (160) |
| Board expense | - | - | - | 84,042 | 84,042 |
| Bonding | - | 1,500 | - | - | 1,500 |
| Building | - | - | - | 71,000 | 71,000 |
| Consulting | - | - | - | 80,700 | 80,700 |
| Copying | - | - | - | 6,794 | 6,794 |
| Depreciation | - | - | - | 50,226 | 50,226 |
| Dues and subscriptions | - | - | - | 6,971 | 6,971 |
| Exhibitions and sponsorships | - | - | - | 10,554 | 10,554 |
| Information technology | - | - | - | 70,634 | 70,634 |
| Insurance | - | - | - | 11,090 | 11,090 |
| Land purchase | - | - | - | 3,271 | 3,271 |
| Land Use Hotline Program | - | - | - | 3,608 | 3,608 |
| Licenses & permits | - | - | - | 663 | 663 |
| Lobbying & legislative tracking | - | - | - | 4,071 | 4,071 |
| Loss control - training | - | - | - | 72,799 | 72,799 |
| Marketing | - | - | - | 8 | 8 |
| Office equipment | - | - | - | 1,330 | 1,330 |
| Office supplies | - | - | - | 5,561 | 5,561 |
| Postage | - | - | - | 5,541 | 5,541 |
| Premium credits and incentives | - | - | - | 5,837 | 5,837 |
| Premium taxes | - | 77,798 | - | - | 77,798 |
| Printing | - | - | - | 4,785 | 4,785 |
| Professional fees | - | - | - | 9,081 | 9,081 |
| Staff expenses | - | - | - | 927,496 | 927,496 |
| Telephone | - | - | - | 8,466 | 8,466 |
| TPA WC | - | (1,563) | - | - | (1,563) |
| Total administration expenses | 17,141 | 92,990 | 1,593 | 1,457,845 | 1,569,569 |
| Total operating expenses | 3,597,478 | 2,435,683 | 6,171,479 | 1,457,845 | 13,662,485 |
| Change in net assets before transfers | 1,634,239 | 19,387 | 53,553 | (1,457,845) | 249,334 |
| Transfers between funds | (1,391,922) | (43,455) | (22,468) | 1,457,845 | - |
| Change in net assets | 242,317 | (24,068) | 31,085 | - | 249,334 |
| Net assets, beginning of year | 4,092,100 | (1,390,553) | 268,922 | - | 2,970,470 |
| Net assets, end of year | \$ 4,334,417 | \$ (1,414,621) | \$ 300,007 | \$ - | \$ 3,219,804 |

OTHER INDEPENDENT AUDITORS' REPORTS

DRAFT

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based Upon the Audit
Performed in Accordance with Government Auditing Standards**

The Board of Directors
Utah Counties Insurance Pool

We have audited the financial statements of **Utah Counties Insurance Pool** as of and for the year ended December 31, 2007, and have issued our report thereon dated June 24, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **Utah Counties Insurance Pool** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Utah Counties Insurance Pool's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Utah Counties Insurance Pool's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Utah Counties Insurance Pool's** internal control over financial reporting.

The management of **Utah Counties Insurance Pool** is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in internal control, errors or fraud may nevertheless

Utah Counties Insurance Pool

June 24, 2008

Page 2

occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **Utah Counties Insurance Pool's** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of **Utah Counties Insurance Pool's** financial statements that is more than inconsequential will not be prevented or detected by **Utah Counties Insurance Pool's** internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by **Utah Counties Insurance Pool's** internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

We proposed audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process. As part of our audit, we prepared all of the accrual adjusting entries. Also, if there were differences that were material that were found during audit testing, proposed journal entries were also prepared for those differences. The management of UCIP subsequently made all of the proposed audit adjusting entries.

We noted certain matters involving internal control and its operation, which are not considered to be significant deficiencies or material weaknesses, which we have reported to the management of the **Utah Counties Insurance Pool** in a separate letter dated June 24, 2008.

This report is intended solely for the information and use of the board of directors and management of **Utah Counties Insurance Pool** and the State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Salt Lake City, Utah
June 24, 2008

Independent Auditors' Report on State Legal Compliance

The Board of Directors
Utah Counties Insurance Pool

We have audited the financial statements of **Utah Counties Insurance Pool** as of and for the year ended December 31, 2007, and have issued our report thereon dated June 24, 2008. As part of our audit, we have audited **Utah Counties Insurance Pool's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2007. The Pool received no funding from major State assistance programs from the State of Utah.

Our audit also included test work on the Pool's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Cash management
- Purchasing requirements
- Budgetary compliance
- Special districts
- Other general issues

The management of **Utah Counties Insurance Pool** is responsible for the Pool's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Pool's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The Board of Directors
Utah Counties Insurance Pool
June 24, 2008
Page 2

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which is described in a separate management letter dated June 24, 2008. We considered this instance of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, except as noted above, **Utah Counties Insurance Pool**, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2007.

Salt Lake City, Utah
June 24, 2008

DRAFT



Utah Counties Insurance Pool
insuring since 1912

MEMORANDUM

To: UCIP Board of Trustees

From: Johnnie Miller, UCIP CEO 

Date: September 9, 2008

Re: Investments

Staff was contacted by Ms. Ann Pedroza, a representative of the State Money Management Council, on August 28, 2008. Ms. Pedroza expressed the following concerns related to UCIP's semi-annual Deposit and Investment Report:

1. UBS is not currently listed as a Certified Broker with the Money Management Council;
2. UBS is currently holding securities which should be held by UCIP directly, or in a safekeeping account;
3. Several CD's and securities currently held by UBS do not meet the investment grade requirements of the Money Management Council; and
4. Three securities originally secured by Wachovia and currently held in UCIP's safekeeping account with Wells Fargo are invested in an agency which is not approved by the Money Management Council (FICO).

Staff immediately contacted UBS with these concerns. UBS indicated that the Council had recently revised the application for Certified Brokers, and their legal department had not yet signed off on the changes. They indicated they were in contact with the Council regarding this issue, and that they anticipated this would be cleared up shortly and they would be placed back on the list of Certified Brokers. UBS further indicated that the securities in question were not rated by Moody's or Standard & Poor's, but that they were FDIC insured. Staff asked UBS to review each security for compliance with the Money Management Act compliance and provide UCIP a report as soon as possible.

Staff also contacted Ms. Pedroza to discuss our compliance options. Ms. Pedroza indicated that she understands that UBS is completing their application for approval as a broker, but the violations of the Act committed by UBS on the UCIP account may keep them from being returned to the approved list. Ms. Pedroza was clear that the brokers are required to sign an affidavit agreeing that all transactions will comply with the Money Management Act, and that they will not solicit or secure investments for public agencies that do not comply with the Act. Ms. Pedroza indicated that the normal procedure would be for UCIP to immediately dispose of the securities in question. Although the securities

mature within the next six months, UCIP would suffer a loss of expected investment income (but no loss of principal) if the securities were disposed of immediately. Ms. Pedroza clearly saw UCIP as an innocent party here and indicated she would work with us to attempt to limit any potential losses on our portfolio.

After further discussion with Ms. Pedroza, she has placed this issue on the agenda of the Council, asking them to allow UCIP to hold these securities to maturity, allowing us to realize the full expected investment income on these securities. If the Council does not approve UCIP holding the securities to maturity, UCIP would potentially lose approximately 2% of the expected investment income on these securities. Again, no principal would be lost.

Recommendation

Staff recommendation is to:

1. Cease transactions with UBS as they are not listed as a Certified Broker with the Money Management Council;
2. For the short term, utilize the Public Treasurer's Investment Fund (PTIF) as our sole method of investment of UCIP long term investment funds;
3. Develop an RFQ for investment broker and investment advisor services; and
4. Based on the responses to the RFQ, consider whether the increased investment income realized by use of an investment broker or investment advisor is adequate to offset the cost and oversight of such broker or advisor. The benchmark to be used would be the yield with PTIF. (I did confirm with Ms. Pedroza that as the Council reviews all transactions of the PTIF, all funds held with PTIF are considered in compliance with the act).

JRM/jrm

Johnnie Miller

From: chad.andrew@ubs.com
Sent: Friday, September 05, 2008 8:50 AM
To: jmiller@ucip.utah.gov; chad.andrew@ubs.com
Subject: 2008&RCDATE=&GNAME=&OPT1=M&OPT2=&OPT3=&OPT4=&PLAT=CWRK&VER=2
&FMT=PDF&USID=fp29&RQST=PMR&XMLFILE=&TYPE=&FAID=&UUNM=je03294
&ACSP=L&PTFM=CWV2&FMCD=1®ID=&INDEX1=&INDEX2=&T1=&T2=&WM=

Attachments: 2008&RCDATE=&GNAME=&OPT1=M&OPT2=&OPT3=&OPT4=&PLAT=CWRK&VER=2
&FMT=PDF&USID=fp29&RQST=PMR&XMLFILE=&TYPE=&FAID=&UUNM=je03294
&ACSP=L&PTFM=CWV2&FMCD=1®ID=&INDEX1=&INDEX2=&T1=&T2=&WM=.dat



2008&RCDATE=&G
ME=&OPT1=M&OP

Jonny, here is a update on the account, to clarify cd's are traded on the bond market so the price can fluxuate every day, it is minimal but they do move in price. I went to the trading desk and got a bid on 4 different Cds in the account today and they were priced between 99.2 and 100. If theses are held to maturity all will come due at 100. Also all of these Cd's are FDIC insured and I really believe we should hold all to maturity. They are not rated by moody's and S&P, however it is implied with federal deposits insurance. As regards to the Utah state student loans in the account the price showing is not a true reflection of the market, because there is no market for these. UBS has entered into an agreement to repurchase all of these at par with no loss plus all earned interest this should be completed in the next few months. Currently they are showing a lower market value on the account this will change. Hopefully this will help you and help Ann understand what in the account a little better.

I think we should get the information from you to hold account in safe keeping. However I would want to see what the board decides before we make any changes. Call me when you receive with any questions thanks Chad 801-524-1885

Please do not transmit orders or instructions regarding a UBS account by e-mail. The information provided in this e-mail or any attachments is not an official transaction confirmation or account statement. For your protection, do not include account numbers, Social Security numbers, credit card numbers, passwords or other non-public information in your e-mail. Because the information contained in this message may be privileged,

GRAB

Corp YA

YIELD ANALYSIS

CUSIP:31771DED

FICO STRIP CPN17 FICO 0 04/05/09

NOT PRICED

PRICE 98.083289

SETTLEMENT DATE 9/ 8/2008

0.000

W ORST

CASHFLOW ANALYSIS

YIELD CALCULATIONS

MATURITY 4/ 5/2009
4/ 5/2009 @100.000

TO 4/ 5/09 WORKOUT 39M FACE

| | | |
|--------------------------|-------|-------|
| STREET CONVENTION | 3.394 | 3.394 |
| U.S. GOVT EQUIVALENT | 3.402 | 3.402 |
| TRUE YIELD | 3.378 | 3.378 |
| EQUIVALENT 1/YR COMPOUND | 3.423 | 3.423 |
| JAPANESE YIELD (SIMPLE) | 3.412 | 3.412 |
| PROCEEDS/MMKT(ACT/360) | 3.350 | 3.350 |

PAYMENT INVOICE

| | |
|----------------------|----------|
| PRINCIPAL | 38252.48 |
| 153 DAYS ACCRUED INT | 0.00 |
| TOTAL | 38252.48 |

INCOME

| | |
|-------------------|----------|
| REDEMPTION VALUE | 39000.00 |
| COUPON PAYMENT | |
| INTEREST @ 0.017% | 0.00 |
| TOTAL | 39000.00 |

AFTER TAX:

INCOME 35.00% CAPITAL 20.00% 2.207 2.207

NO ISSUE PRICE. ASSUME 100. NON OID BOND WITH INT DISCOUNT

SENSITIVITY ANALYSIS

| | | |
|-----------------------|---------|---------|
| DURATION (YEARS) | 0.575 | 0.575 |
| ADJ/MOD DURATION | 0.565 | 0.565 |
| RISK | 0.555 | 0.555 |
| CONVEXITY | 0.006 | 0.006 |
| PRICE VALUE OF A 0.01 | 0.00555 | 0.00555 |
| YIELD VALUE OF A 0.1 | 0.05635 | 0.05635 |

RETURN

| | |
|-------------------|--------|
| GROSS PROFIT | 747.52 |
| RETURN 2 /YR COMP | 3.394 |

FURTHER ANALYSIS

HIT 1: TOTAL RETURN
HIT 2: PRICE TABLE

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6312 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
 6932-352-2 05-Sep-08 9:48:12

GRAB

Corp YA

YIELD ANALYSIS

CUSIP:31771C3Y

FICO STRIP CPN15 FICO 0 03/07/09

NOT PRICED

PRICE 98.334594

SETTLEMENT DATE 9/ 8/2008

0.000

W ORST

CASHFLOW ANALYSIS

YIELD CALCULATIONS

MATURITY 3/ 7/2009
3/ 7/2009 @100.000

TO 3/ 7/09 WORKOUT 22M FACE

| | | |
|--------------------------|-------|-------|
| STREET CONVENTION | 3.406 | 3.406 |
| U.S. GOVT EQUIVALENT | 3.406 | 3.406 |
| TRUE YIELD | 3.369 | 3.369 |
| EQUIVALENT 1/YR COMPOUND | 3.435 | 3.435 |
| JAPANESE YIELD (SIMPLE) | 3.434 | 3.434 |
| PROCEEDS/MMKT(ACT/360) | 3.350 | 3.350 |

PAYMENT INVOICE

| | |
|--------------------|----------|
| PRINCIPAL | 21633.61 |
| 1 DAYS ACCRUED INT | 0.00 |
| TOTAL | 21633.61 |

INCOME

| | |
|-------------------|----------|
| REDEMPTION VALUE | 22000.00 |
| COUPON PAYMENT | |
| INTEREST @ 0.020% | 0.00 |
| TOTAL | 22000.00 |

AFTER TAX:

INCOME 35.00% CAPITAL 20.00% 2.214 2.214

NO ISSUE PRICE. ASSUME 100. NON OID BOND WITH INT DISCOUNT

SENSITIVITY ANALYSIS

| | | |
|-----------------------|---------|---------|
| DURATION (YEARS) | 0.497 | 0.497 |
| ADJ/MOD DURATION | 0.489 | 0.489 |
| RISK | 0.481 | 0.481 |
| CONVEXITY | 0.005 | 0.005 |
| PRICE VALUE OF A 0.01 | 0.00481 | 0.00481 |
| YIELD VALUE OF A 0.1 | 0.06500 | 0.06500 |

RETURN

| | |
|---------------------|--------|
| GROSS PROFIT | 366.39 |
| RETURN (CD-ACT/360) | 3.387 |

FURTHER ANALYSIS

HIT 1: TOTAL RETURN
HIT 2: PRICE TABLE

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6312 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
 6932-352-2 05-Sep-08 9:49:44

GRAB

Corp YA

YIELD ANALYSIS

CJSIP 31771CSR

FICO STRIP CPN 6 FICO 0 00 00 00

FICO STRIP CPN 6 FICO 0 00 00 00

PRICE 98.639487

SETTLEMENT DATE 9/ 8/2008

0.000

W ORST

CASHFLOW ANALYSIS

YIELD CALCULATIONS

MATURITY 2/ 3/2009
2/ 3/2009 @100.000TO 2/ 3/09 CORP-OUT 58K FACE
PAYMENT INVOICE

| | | |
|--------------------------|-------|-------|
| STREET CONVENTION | 3.424 | 3.424 |
| U.S. GOVT EQUIVALENT | 3.430 | 3.430 |
| TRUE YIELD | 3.424 | 3.424 |
| EQUIVALENT 1/YR COMPOUND | 3.460 | 3.460 |
| JAPANESE YIELD (SIMPLE) | 3.401 | 3.401 |
| PROCEEDS/MKKT(ACT/360) | 3.355 | 3.355 |

| | |
|---------------------|----------|
| PRINCIPAL | 57210.90 |
| 35 DAYS ACCRUED INT | 0.00 |
| TOTAL | 57210.90 |

I N C O M E

| | |
|-------------------|----------|
| REDEMPTION VALUE | 58000.00 |
| COUPON PAYMENT | |
| INTEREST @ 0.025% | 0.00 |
| TOTAL | 58000.00 |

A F T E R T A X

INCOME 35.00% CAPITAL 20.00% 2.226 2.226

NO ISSUE PRICE ASSUME 100 NON OIG BOND WITH B-T DISCOUNT

SENSITIVITY ANALYSIS

| | | |
|-----------------------|---------|---------|
| CHV DURATION (YEARS) | 0.403 | 0.403 |
| ADJ/MOD DURATION | 0.397 | 0.397 |
| RISK | 0.392 | 0.392 |
| CONVEXITY | 0.003 | 0.003 |
| PRICE VALUE OF A 0.01 | 0.00392 | 0.00392 |
| YIELD VALUE OF A 0.01 | 0.07974 | 0.07974 |

R E T U R N

| | |
|---------------------|--------|
| GROSS PROFIT | 789.10 |
| RETURN (CD-ACT/360) | 3.355 |

FURTHER ANALYSIS

REF: 0.00 TOTAL RETURN
 REF: 0.00 PRICE TABLE

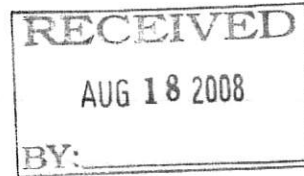
Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2008 Bloomberg Finance L.P.
 6932-352-2 05-Sep-08 9:48:59

NOTICE OF INTENT TO FILE A CLAIM

August 12, 2008

Sonya White, Registered Agent
Utah Counties Insurance Pool
6900 S. 900 E., Suite #230
Midvale, UT 84070

Johnnie Miller, CEO
Utah Counties Insurance Pool
6900 S. 900 E., Suite #230
Midvale, UT 84070



Re: Notice of Claims for Charmaine G. Green:

Wrongful Termination of Employment
Date of Occurrence: August 17, 2007

Wrongful Appeal of Unemployment Insurance Benefits
Date of Occurrence: September 6, 2007

I hereby give notice of my intent to file a claim(s) against:

Utah Counties Insurance Pool
Lester Nixon in his former professional and present personal capacity
Sonya White in her present professional and present personal capacity
All John and/or Jane Does 1-20 who assisted in the conspiracy, tampering of evidence,
submitting false evidence, libel, slander, and defamation of character associated with my
wrongful retaliatory termination and wrongful appeal of Unemployment Insurance
benefits

Brief Statement of the Facts:

Please refer to the attached explanation on my Federal Declaration of Employment, as
well as the explanation in my timely appeal to the UCIP Board of September 13, 2007

employment on the lines below.

Previous Periods of Activity (Not Applicable: { })
(No Entry Provided)

Additional Comments

I was hired by McLarens Toplis North America, Inc. 11/29/99 as a Technical Claims Assistant. After I obtained my Adjuster license, I was promoted to Jr. Casualty Claims Specialist. Jeff Powell was my supervisor. Jeff quit in Feb., 2001 and was replaced by Korby Siggard. McLarens later changed their name to VeriClaim. Korby was also hired in-house by UCIP at the same time I was and he remained my supervisor.

(End of List)

Section 12: Your Employment Record

Answer the following question.

Has any of the following happened to you in the last 7 years?

1. Fired from a job.
2. Quit a job after being told you'd be fired.
3. Left a job by mutual agreement following allegations of misconduct.
4. Left a job by mutual agreement following allegations of unsatisfactory performance.
5. Left a job for other reasons under unfavorable circumstances.

Yes: { x } No: { }

If you answered "Yes," provide a detailed entry for each occurrence to report.

1. Provide date fired, quit, or left, and other information requested.

Date Fired, Quit, or Left
Month/Year: 08/2007

Severance Type: Fired from a job.

Specify Reason

In Jan., 2006, I received an "Excellent to Outstanding" evaluation from CEO, Lester Nixon. The following Monday, there was a time-card, with no explanation, in my in-box (I was an Exempt employee). I went to Lester for an explanation. He said that Farmers had just lost a lawsuit and Claims Adjusters were no longer Exempt employees. In June, 2006, I put down 1/2 hour overtime on my time card as I was not allowed any personal lunch time. This upset Lester. The next month, I received Lester's permission to take extra time at lunch to pick up and deliver a prescription for my sick daughter. When I returned to work, I emailed Lester advising that after using a 15 minute break and a half hour lunch, I used a half hour of company time and how would he like me to document it. Two days later he came into my office with a copy of my email. He said, "Utah law does not require me to give you breaks. It just requires me to give you a half hour

Brief Statement of
the facts

lunch. From now on, no breaks and you can take a half hour lunch. As for the time off -- mark it as one half hour without pay." After this incident, I did some research and found that Claims Adjusters were Exempt employees and that the UCIP Board had no knowledge of his changing me from salary to hourly. I approached the Board and met with Board member, Steve Baker. Steve wanted information on everything I felt was a problem. Administrative Assistant, Shelley Peck and Claims Manager, Korby Siggard, also expressed their concerns to Steve at that time. The Board reversed Lester's decision and I was restored to an Exempt employee. Lester immediately fired Shelley Peck for no cause. Steve had told me that due to my long-term employment and my excellent evaluation, that Lester could not fire me. After Shelley was fired, I took it upon myself to answer the incoming phones. When a temp was hired, I took it upon myself to be the first back-up on the phones. When a permanent Administrative Assistant was hired, I continued to be the first back-up on the phones. After she (Shaney) discovered how promptly I would answer the phones if she let them ring, she just let them ring. This became a problem. In Feb., 2007, I approached Sonya White, Manager of Administration, and asked if the phone back-up order could be changed and we had hired three new people and I had seniority. Sonya said that it was Lester's decision and he said that it was based on workload. I immediately emailed Lester and advised him of my conversation with Sonya. I emailed that all of us had our own workloads, therefore, perhaps we could rotate the phone order and take turns. I also suggested that the gentlemen who was going to be doing our job description analysis could give us some input in that area. Lester did not respond to my email. We received our job descriptions back in August, 2007. Although I had given a one page explanation of "Unique Mental Stresses" regarding the phone answering in my job description, the completed Job Description Analysis did not have me answering the phones. It said I handle "complex" administrative duties. I then forwarded a copy of my Feb. email to Lester indicating that my job analysis did not indicate that I should be answering the phones. I also attached a report proving that I alone was handling 85% of the 2007 Property and Casualty claims and could he please take that into consideration at this time. Again, no response. On Aug. 10, 2007, Shaney stepped out of the office and did not advise me. When I did not answer the phone on the first ring, another employee answered it. That employee then came into my office and with her hands on her hips, asked me, "Are you just too busy to answer the phones or what?" As there had been an issue with the phones, it was not my job to answer them and Lester's failure to act, I did not appreciate her comments and I let her know. We were having words and Sonya and Shaney came back to the office. Sonya jumped right in yelling at me that I hadn't been answering the phones "today." I asked Shaney if she would tell me when she was away from her desk. She said, "Yes." I said, "Did you tell me, today?" She said, "No." Sonya continued yelling and I started yelling back defending myself. Sonya got upset and told me to go home. I immediately emailed Lester explaining the "blow-up" and again requested him to resolve the phone issue. One week later, Lester came into my office, sat down and asked me to tell him about the blow-up. After I told him about it, he said, "Well, even though it's not in your job description, I am not going to change the order of answering the phones." I asked him why he wanted me to

answer the phones. He said, "Because I am the decision maker and that is my decision." We had a lengthy conversation. I asked him to put it in writing and add it to my job description. He refused. When I asked him if it was because I went to the Board, he started to shake his head no, then it was like a camera light flashed in his eyes and he looked at me and said, "You're fired. Now get your things and get out." He then went into the Claims Manager's (Korby Siggard) office and told him not to have any contact with me. I packed up my things and left. I applied for Unemployment benefits and Lester appealed their decision claiming that I was insubordinate. Apparently Lester had recorded our final conversation. The Administrative Law Judge, Heather D. Simonson, of Workforce Services, handled the appeal. Lester submitted a transcribed copy of our conversation, which he swore was true and accurate. It was not. He manipulated the transcript and tried to make it appear as if I said, "Lester, Shaney is a "F___ up" receptionist. The Judge had Lester play the copy of the tape on the phone. His copy did not match the transcript, but it did sound like I said what he had put. The Judge asked Lester to send both her and me a copy of the tape of which he did. The copy we received was different than the transcript and different than the recording he played on the phone. In the received recording, I am saying that Shaney is an "awful" receptionist. Lester was claiming that I was insubordinate and that is why I was fired. It was the Judge's decision that I was not insubordinate, I never refused to answer the phones, I did not use vulgar language, I could not have known that by asking for this to be a written responsibility would lead to my termination. I was a long term employee with a good work record in the past and I was allowed benefits. I advised the Board of the Judge's decision and forwarded a copy of Lester's transcript that he swore was true and accurate. I heard that Lester gave his two week's notice and is no longer working for UCIP. I have appealed to the Board and have requested an Honorable Discharge. The Board President, Lynn Lemon, advised me that the Board wanted to meet with me. I have not met with them as of yet. I was a dedicated employee with a clean slate. Lester manipulated the tape to try to make me look like a bad employee. He also changed the ending as to not appear that he fired me in retaliation for my going to the board.

Name of Employer: Utah Counties Insurance Pool (UCIP)

Street Address

Street: 6900 S. 900 E., #230

City: Midvale State: UT Country: Zip Code: 84047

Additional Comments

I was terminated without cause.

(End of List)

Sonya White
also gave information
which she knew to
be false, during the
Unemployment Appeal
process.

Section 13: People Who Know You Well

List three people who know you well and live in the United States. They should be good friends, peers, colleagues, college roommates, etc., whose combined association with you covers as well as possible the last 7 years. Do not list your spouse, former spouses, or other relatives, and try not to list anyone who is listed elsewhere on this form.

My timely appeal to the Board explains events leading up to my termination.

Subj: **UCIP's Dispute Resolution Procedure**
 Date: 9/13/2007 9:30:41 A.M. Mountain Daylight Time
 From: [redacted]
 To: [redacted]
 CC: [redacted]

TO: UCIP Board Members

FROM: Charmaine Green, Former UCIP Claims Specialist (11/29/99 - 8/17/07)

On August 17, 2007, UCIP CEO, Lester Nixon, terminated my employment with UCIP without cause. This all stems back to his ongoing retaliation for my reporting him to the Board in July, 2006.

In July, 2006, I contacted Lynn Lemon and Dan McConkie to advise them of Lester's behavior. Lynn and Dan involved Board Member, Steve Baker (Davis Co. Personnel Director). UCIP Claims Manager, Korby Siggard and UCIP's Administrative Assistant, Shelley Peck, supported me and Steve Baker became our personal contact.

Steve was advised of Lester changing me from a salary to hourly employee without the Board's knowledge; how Lester was pressuring the Claims Department not to pay Mark Brady (UCIP's Risk Manager who was involved in a rollover accident in a UCIP vehicle) the benefits of which he was entitled under the PIP portion of UCIP's policy; that we were not getting our paychecks on time; the lack of merit and COLA raises; how Lester told "me" that Utah Law did not require him to give me breaks — only a 1/2 hour lunch, so from now on — no breaks and a 1/2 hour lunch; how Lester would not hold staff meetings; the lack of communication in the office as well as the way Lester would go for several months without speaking to Korby. As a result, I was restored to my exempt/salary status; the staff started receiving their paychecks on time; Korby and I did receive a 2% COLA last January (our first); as breaks were not added to the UCIP policy, I still never took a break after Lester told me I could not. Unfortunately, Shelley Peck, a fine employee, was immediately fired in retaliation for her participation; as a result, Korby has been paralyzed as he is so afraid of losing his job; although I continued to walk a very fine line, when Lester could not run me out — he finally resorted to firing me.

Lester was very upset that I was paying Mark Brady lost wages under his PIP benefits. Lester could not understand why Mark should receive lost wages when he was receiving sick pay from UCIP. Lester told Korby that Mark would be lucky if he saw a dime under UCIP's Underinsured coverage. Lester insisted that Mark turn in a Notice of Claim for those benefits. Lester held onto the Notice for an entire month before he gave it to Korby. I confronted Lester, via email (cc: to Lynn, Dan and Steve) quoting the PIP Statute and letting him know that we had acted on the Notice of Claim (time sensitive document) that he had held onto for a month. Lester called me into his office and he was so mad that he was shaking. He said to me, "If you ever email an email like that to me again, it will be the last email you ever send me." As he could fire me and I could email him from my home computer, I did take that as a death threat. Lester was very insulted that in my email I suggested that he was "confused" on the coverage of which Mark was entitled. As I have received a death threat from Lester Nixon, if anything should happen to me — please look in his direction. And, since I was terminated without cause, I would certainly hope that UCIP would honor my life insurance policies through UCIP to take care of my family. Lester did tell me that Mark asked him to hold onto the Notice of Claim because he wasn't sure what he was going to do. I asked Mark about that and he denied telling Lester to hold onto it...

On August 17, 2007, Lester came to me and told me that he wanted me to continue to be the first back-up on the phones. I asked him, "Why do you want me to be the first back-up?" He said, "Because I am the decision maker and that is my decision." I told him that we had just got back our job descriptions and it said nothing about me answering the phones. However, if he wanted me to do it, to please put it in writing and add it to my job description. He said, "I'm not going to do that." I asked him if it had anything to do with Shelley. He said, "No." I said, "Does it have anything to do with me going to the Board?" He started to shake his head, no, then it was like a camera light flashed in his eyes; he looked at me and said, "You're fired." Then he immediately walked into Korby's office and told Korby that he was to have no contact with me!

As Lester is now appealing Unemployment's decision that I was not at-fault in my discharge from UCIP, I do not want to give the Board anymore evidence at this time. I have no desire to return to UCIP. I will no longer subject myself to Lester's cruelty. The office has become hostile, there is no communication, and UCIP is not

a professional office any longer. This notice is simply to comply with Step 1 of UCIP's Dispute Resolution Process. I appeal my termination, however, I have no desire to return to UCIP. The Unemployment Appeal Hearing is scheduled for September 25, 2007. After I further prove that I was terminated without cause, I will again approach the Board with my wants and concerns. At the very least, I do request an honorable discharge. I have never been fired before. I have given my best to UCIP. I have worked with the Members for 7 1/2 years and have handled my position in a timely, professional, efficient manner. Lester Nixon has done a lot of good for the Pool; however, firing the only person who knows how to print claim checks, run month-end reports, create the Multi-Line report for the Board Meetings, handled 85% of the GL Claims and just obtained their Casualty Claim Law Associate designation, (of which UCIP reimbursed \$1000), was certainly not in the best interests of the Pool. Lester made this decision based purely on emotions and retaliation.

P.S. Steve Wall and Kent -- you both know how often I answered the phones when you called in. Also, Steve, Lester Nixon would not allow Korby to pay you for the Sevier County fire loss -- until you finally had to send a letter requesting payment. Never, in all my years with UCIP -- has a Member ever had to request payment for a covered claim from the P&C Claims Department. The claim should have been paid promptly. Lester Nixon's interference with the claims handling has become unacceptable. Lester has a CPCU designation -- this is in Underwriting -- not Claims. Lester Nixon is out of control and UCIP will continue to suffer as a result.

P.S.S. The next time the Members vote -- please be sure to verify the results. A couple of years back, when Ira Hatch ran against Bill Cox, I tallied the votes. When I handed the winners to Sonya and she saw that Ira had more votes than Bill -- she said, "Oh, if I would have known that, I would have changed it!" Then she put her hand over her mouth and said, "Oops! I shouldn't have said that." I guess something similar happened when Karla Johnson won her seat on the Board -- another reason Shelley was fired! (Apparently she congratulated the winner too quickly.)

I do not have an email address for Brad Dee (Lynn Lemon's and Brad Dee's email addresses are incorrect on UCIP's website) -- please forward this on to Mr. Dee. Thank you.

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The Nature of the *Claims Asserted:

Libel, Slander, and Defamation of Character (1 year statute is hereby tolled by this action) –

Lester Nixon and Sonya White both gave information they knew to be false during a state investigation, both verbally, as well as in writing.

Retaliation –

Lester Nixon repeatedly retaliated against me for reporting him to the UCIP Board for his unauthorized demoting me to a non-exempt employee; for his taking away “my” breaks; for us not getting our pay checks on time, as per page 3 C. of UCIP’s Employment Policies & Procedures Manual; for Korby and I never getting a COLA increase; and for trying to stop UCIP’s claims department from paying Mark Brady his lost wages under the PIP coverage, of which he was entitled to as per Utah law. Lester did not end his retaliation by firing me, he took it a step further to appeal my Unemployment Insurance Benefits. I do allege that Lester Nixon committed criminal acts in his continued attempt to retaliate against me.

Discrimination –

I was the only employee that Lester specifically told was not allowed breaks. I was the only employee that Lester Nixon changed from exempt to non-exempt. I did not receive a COLA increase until after I reported Lester to the Board.

Insurance Fraud (Unemployment Benefits Insurance) –

Lester Nixon and Sonya White both committed insurance fraud by giving and/or submitting evidence they knew to be false in an attempt to have my Unemployment Insurance Benefits denied, as well as to make it appear that I was insubordinate and my retaliatory firing was justified.

Obstruction of Justice –

Lester Nixon and Sonya White both obstructed justice by giving misrepresentations in a state investigation, some under oath.

Falsifying and Tampering with Evidence –

Lester Nixon altered, or had altered, the digital recording of our final conversation in which he fired me. There is a female’s voice on the recording, which is not mine. Thus, my claim against any Jane Doe(s) who assisted in the falsifying and tampering with evidence.

Submitting False Evidence –

Lester Nixon submitted the altered evidence, as well as submitted a misrepresented transcript that he swore and affirmed was a true and accurate transcription of the conversation between he and I on August 17, 2007, that resulted in my involuntary discharge, in a State investigation.

Whistleblower's Act –

Lester Nixon fired me in retaliation for reporting him to the UCIP Board for his unauthorized demoting me to a non-exempt employee; for his taking away “my” breaks; for us not getting our pay checks on time, as per page 3 C. of UCIP’s Employment Policies & Procedures Manual; for Korby and I never getting a COLA increase; and for trying to stop UCIP’s claims department from paying Mark Brady his lost wages under the PIP coverage, of which he was entitled to by Utah law. Whistleblowing is considered a protected activity.

Wrongful Termination –

Lester Nixon fired me in retaliation. He had no justifiable cause. I did not sign UCIP’s Receipt and Acknowledgment form agreeing that I was an “at will” employee.

Perjury –

During my telephone appeal, Lester Nixon swore under oath that he would tell the truth. He told the Unemployment Judge that I used vulgar language, not directed at him, but that I did use vulgar language during our last conversation in which he fired me. However, when the Unemployment Judge asked what vulgar language I used, Lester said he couldn’t remember what I said because he didn’t type the transcript...

Intentional Infliction of Emotional Distress –

Lester Nixon and Sonya White, as well as any John and/or Jane Does 1-20.

Negligent Infliction of Emotional Distress –

Lester Nixon and Sonya White, as well as any John and/or Jane Does 1-20.

Death threat –

Lester Nixon. After I emailed Lester a copy of the PIP statute, on July 19, 2006, in order to clarify Mark Brady’s legal entitlement to his PIP benefits and lost wages, Lester called me into his office. He was so mad he was shaking. He threatened me, “If you ever send me an email like that again, it will be the last email you ever send me.” As he could fire me and I could email him from my home computer, I considered this to be a threat against my life.

Breach of Contract –

Lester Nixon. During our final conversation on August 17, 2007, Lester said, “I’m not going to fire you.” A few minutes later, he said, “You’re fired.”

Breach of Good Faith and Fair Dealing –

Lester Nixon. Lester terminated me 4 months before I was eligible to be a vested employee with UCIP.

Violation of UCIP Policy –

Lester Nixon is in violation of UCIP’s Employee Procedures Manual as he fired me in retaliation and violated the Whistleblower’s Act, which is against company policy.

Negligent Hiring, Retention, and Supervision –

UCIP Board, for hiring, retaining, and lack of supervision of Lester Nixon. Three employees brought Lester's actions to the attention of the Board in July 2006 (almost half the staff at the time). Lester immediately fired Shelley Peck. The Board did nothing. The Board gave Lester all the power by approving the changes to the UCIP Personnel Manual allowing the wording "Department Heads" and "Supervisors" to be changed to "Director/CEO." I also question as to whether a background check was ever done on Lester Nixon prior to the Board hiring him.

Malice and Evil Intent –

Lester Nixon and Sonya White, as well as any John and/or Jane Does 1-20.

Hostile Environment Sexual Harassment –

Sonya White, Shaney Kelleher, and Anne Ayrton (this list is not conclusive).

Willful and Wanton Misconduct –

Lester Nixon and Sonya White, as well as any John and/or Jane Does 1-20.

Deliberate Intention to Harm –

Lester Nixon, Sonya White, Anne Ayrton, and Shaney Kelleher in their conspiracy to make it appear as if I was not doing "Shaney's" job, which ultimately led to the conversation of August 17, 2007, in which Lester Nixon wrongfully terminated me.

Negligent Misrepresentation –

Lester Nixon and Sonya White, as well as any John and/or Jane Does 1-20 who misrepresented evidence and/or statements as to my termination and Unemployment Insurance Benefits Appeal.

Fraud Policy Statement and Code of Ethics Policy Statement –

Lester Nixon and Sonya White, as well as any John and/or Jane Does 1-20, are in violation of UCIP's Employment Policies & Procedures Manual.

False Imprisonment –

I was basically "imprisoned" for almost four months while looking for employment. I was imprisoned, as I had to be "available" in order to collect my weekly Unemployment benefits. Thus, I was unable to go on vacation, plan or commit to anything in advance. I had to be available for a job interview. It was normal for a prospective employer to say, "I have two openings for an interview, one at 11:30 and one at 1:00. Which one would you like?" I had to be available, or give up my weekly Unemployment benefits. Every week I completed an Unemployment Benefits claim in which I had to indicate as to whether or not I was available. I am an honest person. I would not mark that I was available, if I really was not. If I was not available, and indicated as such, I would lose my entire weekly benefit. I was required to apply for 2 jobs per week. There were not 2 claims adjuster positions per week. I spent hours every morning searching the classified

ads; going through EVERY single job. I needed a certain income. Not many jobs met that need. I was forced to apply for jobs that I did not want. My career was not in my hands. I feared being offered a position that I did not want. If I did not accept the position, I would no longer qualify for Unemployment benefits. I was the breadwinner in my family. I had no choice. Every time I completed a job application, I had to mark "yes" to "Have you ever been fired?" Being the exceptional employee I have been all of my life, this was and is very humiliating. I had several interviews. Every interviewer (except the one that finally hired me) asked me during my interview why I was fired. I always had to go into the lengthy, nonsensical, humiliating, embarrassing explanation. It was so ridiculous, I always wondered if they even believed me. Why would an employer fire an excellent to outstanding employee? Is this why it took me 4 months to get hired? Although my current employer did not ask me, during my interview, if I had ever been fired, I did have to give a detailed explanation in my Federal Declaration of Employment, which I have attached as the "Brief Statement of the Facts."

*This list should not be considered conclusive

Damages incurred so far as they are known:

(Our/we stands for my husband, David, and I)

1. I was forced to start a new career at 49 years old
2. I am now 8 years further away from retirement
3. I was forced to completely change my career goals
4. I earned my CCLA designation and am unable to use it
5. I was 4 months away from being vested with UCIP
6. I now have to travel an additional 24 miles a day to work, 5 days per week
7. I lost 1 week of vacation per year and was forced to start over earning vacation time
8. I lost my employer's contributions to my 401K
9. I lost my employer's contributions to my 457B
10. I lost my employer's contributions to my pension
11. Our health insurance premiums are no longer paid for 100%
12. We now have a pre-existing clause on our present health insurance
13. We now have a deductible on our present health insurance
14. We were without medical insurance for 4 months
15. We were forced to obtain Cobra insurance for dental, as our daughter was in the process of root canals and crowns at the time Lester Nixon fired me (Lester was aware of this).
16. In order to complete my weekly benefit Unemployment claims, as well as apply for jobs on-line and by fax, I purchased high-speed Internet (an addition \$27 per month), as well as a photocopier/fax/scanner (\$391.04 including ink cartridges and Ethernet cable).
17. I purchased new glasses immediately, before my vision insurance through UCIP expired (\$300+ is a lot when you do not have an income).
18. We no longer have vision insurance
19. We no longer have life insurance on our daughter, Kendria
20. We no longer have \$125,000 Life insurance on David

21. We no longer have Long-Term Care insurance
22. Lost wages from August 18, 2007 through December 9, 2007
23. Severance pay for almost four years of service
24. \$200.00 Health Benefit Reimbursement for my daughter, Kendria, that Lester Nixon said I was not entitled to and took away.
25. \$26.70 for an Excel book I needed in order to prepare for a test I was required to take during an interview
26. \$129.76 for a Battery Exam preparation test book for a position with the Post Office
27. Unknown amount of accumulative interest surviving on credit.
28. \$60 Healthy Utah Rebate for losing over 10 pounds and keeping the weight off for more than 6 months.
29. \$83.25 in order to renew my Claims Adjuster license. The renewal fee is normally reimbursed by UCIP. Although I no longer have any need for a Claims Adjuster license, I had 36 continuing education credit hours that I did not want to go to waste.
30. \$25.00 employment attorney consultation fees.
31. Can one put a dollar amount on the stress and sleepless nights I went through?
32. Can one put a dollar amount on what my poor husband had to go through while trying to support me emotionally after I had lost my self-worth? The day I received a call and the voice on the other end of the phone said, "I called to offer you the position," my legs collapsed and I literally dropped to the floor and said, "OH MY GOSH" in disbelief. She started laughing. My husband was downstairs at the time. I had to hold on to the banister to get down the stairs because my legs were so wobbly. I walked into the TV room sobbing. He thought someone had died. I collapsed into his lap crying and sobbed, "I got the job, I got the job at the" I was so relieved. I was so scared, so scared, for so long. However, I held my breath thinking UCIP would try to sabotage me.
33. Fear – I feared for my life and I still do. I do not know what Lester is capable of. It is my understanding that Sonya White has a concealed weapons permit. I also feared that, if I did not win my appeal, I would have to pay back all the Unemployment wages I had received. I knew I had done nothing wrong. But, again, I had already seen how Lester and Sonya misrepresented my performance and my termination. They conspired to get rid of me, what was next?

I gave my best and more to UCIP. I educated myself to provide the best service possible and to exceed their expectations. I saved UCIP so much money by educating myself, by being thorough, by researching the law and by not giving into nuisance claims. We are talking hundreds of thousands of dollars. Look how UCIP rewarded me. The Board sat back and did nothing. My co-workers, who I once called friends, sat back and did nothing, as they were in fear of losing their jobs. First Lester Nixon fired Shelley in retaliation, then he fired me in retaliation.

May it be noted that my husband, David Green, was also an innocent victim who was directly affected by the acts and/or failure to act of Lester Nixon, Sonya White, all John and/or Jane Does 1-20, as well as UCIP. In order to protect David's interests, he will hereby sign this Notice of Claim(s).

***Monetary Damages:**

\$583,900 from UCIP for my Retaliatory Wrongful Termination of Employment
\$583,900 from UCIP for my Retaliatory Wrongful Appeal of Unemployment Insurance benefits
\$250,000 from Lester Nixon in his personal capacity
\$250,000 from Sonya White in her personal capacity
Money Damages from John and/or Jane Does 1-20, once exposed, to be determined at trial.

Injunctive and more Monetary Relief Requested for Charmaine Green:

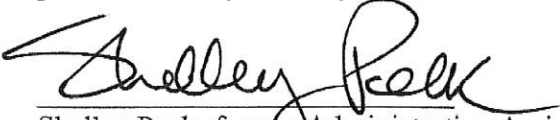
1. "Fired" should be expunged and changed to an honorable discharge
2. I would like an "honest" letter of recommendation
3. I would like an apology/explanation letter that I can give every employer that did not hire me because I was "fired."
4. I would like the additional four-½ months added to my length of service with UCIP, in order to be vested for retirement benefits
5. I would like removed from the "blackball" list
6. I would like the employer contributions for my 401K, 457B, and pension through December 8, 2007

More Injunctive and Monetary Relief Requested:

Lester Nixon fired my friend, Shelley Peck, in retaliation, after Shelley went to the Board along with me and Korby Siggard, in July 2006. Shelley suffered similar damages, however, Lester Nixon did not appeal Shelley's Unemployment Insurance Benefits. Shelley timely appealed to the UCIP Board and they denied her appeal. I also allege that Lester Nixon and Sonya White misrepresented the facts resulting in Shelley's wrongful termination, which was also in retaliation. Shelley is entitled to receive:

1. Two years severance pay
2. Lost wages through September 30, 2006
3. "Fired" should be expunged and changed to an honorable discharge
4. An "honest" letter of recommendation
5. Removed from the "blackball" list
6. Employer contributions to her 401K, 457B (if applicable), and pension through September 30, 2006
7. \$24,999 for the wrongful retaliatory termination, including pain and suffering – or an amount to be determined at trial

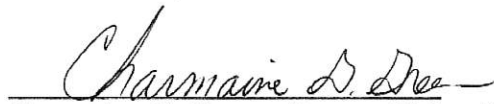
Shelley was an excellent employee. Lester fired her in an attempt to keep the rest of the employees fearful of their job security. Shelley and I never had a problem handling the phones. Shelley did the job she was hired to do, and she did it well.



Shelley Peck, former Administrative Assistant, UCIP
4105 S.300 E., #912
Murray, UT 84107

*In the event 60 days expire and I feel the need to obtain a reputable attorney, I will request attorney fees, attorney costs, expert witness fees (to decipher the actual conversation of August 17, 2007, on Lester's digital recorder, - of which will be needed for evidence), court costs, as well as punitive damages. I am still not convinced that UCIP falls under the protection and caps of Utah's Governmental Immunity Act.

Thank you for your consideration.



Charmaine G. Green, Former Claims Specialist, UCIP
6518 Clernates Dr.
West Jordan, UT 84081



David A. Green, Third Party Claimant
6518 Clernates Dr.
West Jordan, UT 84081
\$100,000 or an amount to be determined at trial



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LAW FIRM

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3 TRIAD CENTER
SUITE 500
SALT LAKE CITY, UTAH 84180

T : (801) 532-7080

F : (801) 596-1508

WWW.STRONGANDHANNI.COM

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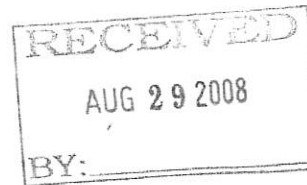
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August 29, 2008

Johnnie Miller
Utah Counties Insurance Pool
6900 South 900 East #230
P.O. Box 760
Midvale, UT 84047

Re: UCIP adv. Green



Dear Johnnie:

I have now had the opportunity to review Charmaine Green's Notice of Claim served by FAX on August 14, 2008 and via hand delivery on August 18, 2008. The following is my evaluation as well as recommendations for further handling of this matter.

I. Background Facts

Charmaine Green was terminated from her employment at UCIP on August 17, 2007 by Lester Nixon, former CEO of UCIP. From my review of the facts and the file materials, it is clear that Ms. Green refused to follow a request that she serve as the primary backup for answering the telephones at UCIP, and due to this disobedience and insubordination, she was terminated. Green alleges in her notice of claim that she was terminated as a result of retaliation for approaching the UCIP Board of Directors regarding various complaints and concerns following the change in her work status as an exempt to a non-exempt employee.

II. Validity of Notice of Claim

In review of the contents of the Notice of Claim, it appears that Green has met the statutory requirements and that the Notice is valid. As for service, I agree with your assessment that although the hand-delivery was a day past the deadline, because the deadline fell on a Sunday, courts would construe delivery on the next Monday to be valid. As such, UCIP should treat the Notice of Claim as valid.

August 29, 2008

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III. Evaluation and Analysis

Ms. Green was an at will employee with UCIP. As such, she could be terminated for any reason that was not discriminatory. Green claims that she was terminated due to retaliation for going to the Board of Directors in 2006 over the change of her status from exempt to non-exempt. However, I do not see any evidence to support this allegation.

It appears clear that Lester Nixon had the right to terminate Ms. Green and did so according to UCIP policies and procedures. UCIP's employment manual provides that an employee can be terminated due to "neglect of duties," "disobedience of reasonable orders of a supervisor" and/or "insubordination." It appears that Ms. Green's conduct could arguably fall into any of these three provisions thereby making the termination proper.

As you are aware, UCIP also has an appeal process available to employees who feel they have been wrongly terminated. This is a two step process. First, an informal meeting with the supervisor and then second, a review by the board of directors. Ms. Green's e-mails seem to indicate that she felt she could not approach Lester Nixon, her supervisor, so she "needed to move directly to step two." While Green's emails appear to somewhat request an appeal with the board, a formal request was never made. Further, when given the opportunity to come before the board during a retreat in St. George, Green declined. Her conduct is contradictory as she requests a hearing on one hand, and then on the other hand, states that she will "wait for the unemployment hearing" to pursue such an appeal. It does not appear that Green ever sought an appeal before the board following her unemployment hearing. The time limit for doing so has long passed. As such, Green failed to exhaust her administrative remedies, further damaging any claim that she could make against UCIP.

IV. Litigation Procedure

Should Green choose to pursue litigation, she will first need to obtain a right to sue letter from the EEOC. This will entail filing a complaint with the Utah Labor Commission as well as the EEOC. The Labor Commission will perform an investigation, but will likely first hold a mediation to try and resolve the case. It is my suggestion that if a settlement is going to be pursued, that this be the forum that is used. If the case does not settle, and after the investigation is concluded, even if there is no merit to Green's claims, she will be issued a right to sue letter. She can then pursue a lawsuit in state court.

Bottom line, while litigation will not be pleasant, I do not see where UCIP bears liability in this case. It is my understanding that Lester could be difficult to work with at times, but he was within his right to terminate Ms. Green due to her insubordination.

III. Additional Individuals Named in Notice of Claim

As you are aware, Green also alleged claims for her husband, David Green and former UCIP employee, Shelley Peck in the Notice of Claim. It is my opinion that the Notice of Claim is not sufficient to protect the interests of Mr. Green and Ms. Peck. It does not sufficiently detail

August 29, 2008

Page 3

their claims under the statute. Further, The Notice is late for any claims made by Ms. Peck and therefore her claims would be barred.

I hope that this evaluation is helpful in your review of the Notice of Claim filed by ms. Green. Should you have any additional questions or concerns, please feel free to contact me anytime.

Yours truly,

STRONG & HANM

By: 

Kristin A. VanOrman

KAV



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

MEMORANDUM

To: UCIP Board of Trustees

From: Johnnie Miller, UCIP CEO

Date: September 9, 2008

Re: Restructure of Claims Specialist Position

After reviewing the efficiency of having two persons assigned as Multi-Line Claims Specialists and Workers Compensation Claim Assistant, I am recommending the restructure of these two positions into a single Claim Specialist position. I am also recommending the development of a Member Service Specialist position.

Claims Specialist

We currently have one Multi-Line Claim Specialist position, (held by Shaney Kelleher), and one Workers Compensation Claims Assistant position (held by Lisa Brown). The work load for each of these positions is such that both positions are also assigned various other duties including reception, general office administration, customer service, underwriting and information/education. I believe we can use these individuals much more efficiently by restructuring an Assistant Claim Specialist position by combining duties for both Multi-Line and Workers Compensation to this one position. This will allow the individual to focus on the claims function. It will also help integrate several similar functions (claim system input, member loss reporting, file setup, file retention...) into one position. This should also allow better coordination and oversight by the two Claim Managers.

Member Services Specialist

I am further recommending the creation of a new position of Member Services Specialist. The duties of this newly created position will include the various non-claim duties each of the Claim Specialist/Claim Assistant are currently assigned. This will make the delegation, training and oversight of these duties much more efficient. In addition to these duties, the position would coordinate all UCIP training and education activities, computer hardware and software maintenance, website updates and expansion, office supply purchases, office equipment maintenance, staff and Board travel arrangements, employee training and all other duties and projects assigned by the Manager of Administration or CEO related to office administration and member services.

JRM/jrm



Utah Counties Insurance Pool

UCIP EMPLOYEEMENT
~~POLICIES & PROCEDURES~~
MANUAL

Current Adopted by the Board of Trustees, July 17, 2003
Revision adopted by the Board of Trustees, August 19, 2004
Revision adopted by the Board of Trustees, June 2, 2006
Revision Adopted by the Board of Trustees, November 16 September 11, 20086

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Receipt of Manual
IMPORTANT NOTICE ALL EMPLOYEES

This Manual is provided to you UCIP employees as a reference guide regarding UCIP's employment related Ppolicies and Pprocedures. **These policies and procedures as well as the benefits provided by UCIP to its employees may be amended from time to time by action of the UCIP Board of Trustees. The Board of Trustees reserves the right to amend, alter, or revoke any policy, practice, benefit, or employment condition, at any time, or for any reason, with or without notice.**

No contract exists between UCIP and its employees or any third parties with respect to salary ranges, movement within salary ranges, employee benefits, work location, or any other aspects of employment. These aspects of employment with UCIP may change as a result of salary surveys, job analysis, availability of funds, job performance, changes in workload, or changes in UCIPPool policies and procedures. Employment with UCIP is "at will" and may be terminated at any time.

The undersigned has received this manual and has had an opportunity to review its contents, and ask questions related thereto:

~~_____ No supervisors or elected officials have the authority to vary the terms of this policy manual.~~ _____

Employee Signature

Date

SECTION I - INTRODUCTORY GENERAL PROVISIONS - ALL EMPLOYEES

Utah Counties Insurance Pool, "~~the Pool~~UCIP" or "~~UCIP~~", is a political subdivision of the State of Utah, governed by the UCIP Board of Trustees, and operating under the laws of the State of Utah.

A. *Applicability of Policies and Procedures*

These policies and procedures apply to all UCIP employees ~~of the Pool~~.

B. *Authority for Policies*

The UCIP Board of Trustees establishes the policies and procedures that are outlined in this ~~document~~ manual. The Board may alter, amend, or supplement these policies and procedures at any time. ~~The UCIP Board of Trustees must approve any amendments or changes to the policies and procedures.~~

C. *Savings Clause*

If any provision of these policies and procedures, or the application thereof, is found to be in conflict with any State or Federal Law or regulation, these policies and procedures shall be considered amended to the extent necessary to comply with such law or regulation. ~~the remainder of these policies and procedures that is not in conflict with any State or Federal Law shall remain in force.~~

D. *Personal Information*

~~D.~~ *Introductory Provisions*

UCIP has signed the Electronic Trading Partner Agreement with the Utah Retirement Systems. As a condition of this Agreement, UCIP has adopted the following policy statement: UCIP will prevent the improper use or disclosure of personal information regarding its employees' status, contributions and/or benefits, or any other personal information arising from enrollment or participation in the Utah Retirement Systems.

E. *Non-Discrimination*

UCIP is an equal opportunity employer. UCIP complies with Federal and State non-discrimination laws with respect to employment on the basis of race, color, national origin, sex, age, disability, or religion. UCIP complies with Title VII, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Equal Pay Act and other applicable laws relating to non-discrimination in employment. Employment at UCIP is based upon the applicant or employee's qualifications, suitability for the job, job references, and ability to perform the functions of the job.

F. Nepotism

UCIP complies with Sections 52-3-1 to 52-3-4, of the Utah Code Ann. 1953, as amended regarding the employment of relatives.

If because of marriage, promotion, reorganization or other reason, it appears that a conflict with Utah law or this policy appears to exist, the Chief Executive Officer, and the Board of Trustees shall review the matter.

If it is determined that a conflict exists, resignation of one of the family members may be required.

G. Employment Classifications

UCIP employment classifications are generally designated as either full-time or part-time positions. Each job description shall state whether the position is a full-time, part-time, seasonal or temporary position and if it is an exempt or non-exempt position for purposes of the Fair Labor Standards Act (FLSA). Employees holding full-time positions receive the benefits and protections described in this manual.

An employee's classification determines the level of benefits for which the employee is eligible.

1. Full-Time Positions. Employees who generally work thirty-two (32) or more hours per week in a permanent position, are full-time employees.
2. Part-Time Positions: Employees who work less than thirty-two (32) hours per week, on a continuous or recurring basis, are part time employees.

H. FLSA

UCIP abides by the provisions of the Fair Labor Standards Act.

I. Payroll Procedures

Paydays are twice a month, on the fifteenth and the last day of the month. When the payday falls on a Saturday, the payday will be the preceding Friday. When the payday falls on a Sunday, the payday will be the following Monday.

J. Reimbursement of UCIP Business Expenses

UCIP will pay or reimburse employees for expenses associated with authorized UCIP business. The amounts paid or reimbursed are determined from time to time by the UCIP Board of Trustees. Payment or reimbursement for expenses under this policy must be submitted to the Manager of Administration on a form approved by UCIP and must include all receipts for items to be reimbursed. An employee submitting a falsified expense reimbursement request, or a request for reimbursement of expenses that are not a legitimate UCIP business expense may be subject to disciplinary action, including termination.

1. Mileage. UCIP will reimburse for mileage at the approved federal rate when an employee uses a personal vehicle for authorized UCIP business which does not include commuting to and from the UCIP office.
2. Monthly Auto Allowance. The UCIP Board of Trustees has approved a monthly auto allowance to be paid to specific employees that regularly use their personal auto for travel on authorized UCIP business. Employees who receive a monthly auto allowance will only receive reimbursement for mileage when the round trip miles driven for a single business purpose exceed the number of miles identified as the Mileage Reimbursement Threshold in the Schedule of UCIP Discretionary Benefits. Reimbursement of mileage exceeding the Mileage Reimbursement Threshold will be paid at the approved federal rate.
3. Per Diem. UCIP will pay a per diem at a rate established by the Board of Trustees for employees away from home on authorized UCIP business. Per diem is not payable to employees on business in the employee's home county or Salt Lake County. Travel requirements for per diem are a trip of at least 100 miles round trip and/or five hours duration. Per diem is provided to cover meals and incidental expenses incurred when travelling.
4. Other Travel Expenses. UCIP will pay or reimburse employees for other expenses, such as lodging or airfare, on approved business trips.
5. Cell Phones. Employees furnished cell phones will reimburse UCIP for personal calls, texts, messaging or internet usage that put the monthly charge over the minimum and any personal charges above the minimum. When out of town and/or out of state, the employee should evaluate charges from a hotel and cell phone and choose the lesser cost.
6. UCIP Business Credit Cards. The UCIP Board of Trustees has approved the use of UCIP Business Credit Cards by certain employees who regularly incur business expenses as part of their duties. UCIP Business Credit Cards are for use of authorized business travel expenses and other authorized business expenses. Employees using UCIP Business Credit Cards must submit documentation of the charges in the form of printed receipts to the Manager of Administration. Each receipt should include written documentation of the business purpose of the expense. All UCIP Business Credit Card transactions will be reviewed and approved by the UCIP Board of Trustees. An employee will reimburse UCIP for any expenses not approved by the UCIP Board of Trustees as legitimate business expenses. Such expenses that are not reimbursed to UCIP within 30 days of notice to the employee of the Board's action may be deducted from the employees pay at the discretion of the Chief Executive Officer. Use of a UCIP Business Credit Card for other than legitimate business expenses may subject employees to disciplinary action, including termination.

K. Use of Motor Vehicle for UCIP Business

Employees must maintain a valid driver's license at all times when using a motor vehicle for UCIP business. Employees may be required to provide proof of a valid driver's license at UCIP's request. UCIP reserves the right to conduct reviews of employee's Motor Vehicle Records if the employee uses a motor vehicle on UCIP business. A request for reimbursement for mileage made by an employee who did not possess a valid driver's license at the time the mileage was incurred will be considered to have filed a falsified request for reimbursement, may be subject to disciplinary action, including termination.

L. Outside Employment

No Pool employees may engage in any outside employment or activity that, in the opinion of the Chief Executive Officer, might impair the performance of their duties or is detrimental to UCIP member service.

M. Work Hours

All full-time employees are expected to work their assigned schedule.

1. Hours are from 8:30 a.m. until 5:00 p.m. After Memorial Day and prior to Labor Day of each year, the Chief Executive Officer may implement, at their discretion, a "summer flex hours" program. Flex hour programs shall not exceed a program of employees working 10 hours a day for 4 days a week, and in no case shall a flex hour program create the need for payment of overtime to any employee. The Chief Executive Officer may make changes to the flex hour program at any time, at their sole discretion.
2. Each employee is allowed an uncompensated thirty minute lunch period. The employee's actual amount of lunch time will be determined by the Chief Executive Officer. Employees are expected to coordinate with other employees and their supervisors to assure the office is appropriately staffed for receiving guests and phone calls throughout the work day. Employees are normally expected to be present during all other work hours unless special arrangements are made with the Chief Executive Officer.
3. Generally, employees are not allowed to skip all or a portion of their lunch break to leave work early.

N. Absence Without Leave

No employee may be absent from duty without permission. All employees should notify their supervisor, the Manager of Administration, or the Chief Executive Officer prior to an absence. In emergency situations where prior notification is not possible, the employee should provide notification as soon as possible.

If a pattern (two or more) of unexplained or unexcused absences develops, employees may be subject to a disciplinary action, including termination.

O. *Terminating Employment*

An employee's employment with UCIP may terminate in different ways:

1. Resignation- Employees may resign at any time. However, as a courtesy, UCIP requests that employees give a minimum two weeks written notice so that UCIP has time to prepare final paperwork and arrange to assure minimal disruption to member service.
2. De-facto Resignation- Employees who are absent from work for three (3) consecutive days and are capable of providing notice to their supervisor, but fail to do so, are considered to have voluntarily resigned.
3. Involuntary Termination- As an "at will" employer, UCIP may terminate an employee's employment at any time.

P. *Termination Pay*

Employees who leave UCIP service for any reason will be paid the wages due them at the next regularly scheduled payday. UCIP will pay terminating employees for earned and accrued vacation time. UCIP may pay earned or accrued sick leave based on approved policy in effect at the time of termination. Payment of earned and accrued vacation and sick leave due the employee based on policies at the time of termination will also be paid at the next regularly scheduled payday.

I

~~SECTION II EQUAL EMPLOYMENT OPPORTUNITY-ALL EMPLOYEES~~

~~SECTION III~~*Non-Discrimination*

~~UCIP is an equal opportunity employer. UCIP complies with Federal and State non-discrimination laws with respect to employment on the basis of race, color, national origin, sex, age, disability, or religion. UCIP complies with Title VII, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Equal Pay Act and other applicable laws relating to non-discrimination in employment. Employment at UCIP is based upon the applicant or employee's qualifications, suitability for the job, job references, and ability to perform the functions of the job.~~

B.—— Nepotism

~~The Pool complies with Utah Code Ann. §§ 52-3-1 to 52-3-4 (1953, as amended) regarding the employment of relatives.~~

~~If because of marriage, promotion, reorganization or other reason, it appears that a conflict with Utah law or this policy exists, the Chief Executive Officer, and the Board of Trustees shall review the matter.~~

~~If it is determined that a conflict exists, resignation of one of the family members will be required.~~

~~SECTION III~~EMPLOYMENT STATUS AND SECTION II - COMPENSATION

All compensation provided to UCIP employees is determined or approved by the UCIP Board of Trustees. The UCIP Board may alter, amend, or supplement these policies and procedures at any time to the extent allowed by law.

A. Wages

It is the intent of UCIP to provide its employees with wages competitive with other similar employers in the Salt Lake County area. Employee wages are determined by the UCIP Board of Trustees and may be set based on analysis of wages for similar employers in the Salt Lake County area and in consideration of other benefits provided to employees to recognize the value of each employee's total compensation package.

B. Monthly Auto Allowance

The UCIP Board of Trustees has approved a monthly auto allowance at a rate identified in the Schedule of UCIP Discretionary Benefits to be paid to specific employees that regularly use their personal vehicle for travel on authorized UCIP business. The Monthly Auto Allowance is considered income for purposes of taxable income, and will be reported by UCIP as taxable income paid to the employee.

C. Cost of Living Adjustment (COLA)

Adjustments to wages related to cost of living are recommended by the Chief Executive Officer, and approved at the sole discretion of the UCIP Board of Trustees.

1. Employee wages may be adjusted annually to protect them from inflation of the local economy. COLA will be paid only if funds are available in the budget and at the sole discretion of the Board of Trustees.
2. The UCIP Board of Trustees may consider in part the percentage increase (if any) of the U.S. Department of Labor, Consumer Price Index for the Salt Lake County area as reported in January of each year, when considering any COLA type wage adjustment.

D. Merit Wage Increases

Merit adjustments to wages are recommended by the Chief Executive Officer and approved at the sole discretion of the UCIP Board of Trustees.

1. Merit wage increases for employees shall be considered annually on the basis of individual performance and performance of UCIP as an organization.
2. Merit wage increases shall only be granted upon recommendation of the Chief Executive Officer and approval of the Board of Trustees.
3. The effective date of any merit wage increase shall be the first pay period of the calendar year, unless otherwise determined by the Board of Trustees.

E. Bonuses

Individual bonuses may be recommended by the Chief Executive Officer. All bonuses must be approved by, and at the sole discretion of, the UCIP Board of Trustees.

F. Discretionary Award

Full-time employees may receive an annual award at the discretion of the Chief Executive Officer to be included with the first payroll of December. Limitations related to such award shall be determined by the UCIP Board of Trustees.

A. Employment Positions

~~UCIP positions are generally designated either full-time or part-time positions. Each job description shall state whether the position is a full or part-time, seasonal or temporary position and if it is an exempt or non-exempt position for purposes of the Fair Labor Standards Act (FLSA). Employees holding full-time positions receive the benefits and protections described in this manual. Part-time employees receive proportional benefits.~~

~~An employee's classification determines the level of benefits for which the employee is eligible.~~

- ~~1. Full Time Positions: Employees, who generally work thirty-two (32) or more hours per week in a permanent position, are full-time employees.~~
- ~~2. Part Time Positions: Employees who work less than thirty-two (32) hours per week on a continuous or recurring basis are part time employees.~~

B. FLSA

~~The Pool abides by the provisions of the Fair Labor Standards Act.~~

C. Payroll Procedures

Paydays are twice a month, on the fifteenth and the last day of the month. When payday fall on a Saturday, the payday will be the preceding Friday. When the payday falls on a Sunday, the payday will be the following Monday.

D. Termination Pay

Employees who leave UCIP service for any reason will be paid the wages due them at the next regularly scheduled payday. UCIP will also pay terminating employees for accrued vacation time or sick leave as due.

SECTION IV SECTION III - DISCRETIONARY BENEFITS

~~The Pool~~UCIP provides a variety of benefits to eligible employees. Among the benefits currently provided are a retirement program, a long-term disability insurance program, medical and life insurance ~~plans~~programs, and a deferred income investment program.

~~The Pool~~UCIP may add, alter or eliminate benefits at its discretion.

A. ~~Retirement-Full-Time Employees~~

In order to help its employees plan and prepare for retirement, ~~the Pool~~UCIP participates in the ~~pPublic eEmployee~~ Noncontributory Local Government Defined Benefit ~~rRetirement pProgram~~ of the Utah ~~State~~ Retirement System (URS Pension Plan), a 401k retirement savings plan administered through the Utah Retirement System (URS 401k Plan), and a 457 deferred compensation plan administered through Nationwide Retirement Solutions (Nationwide 457 Plan). UCIP contributions to retirement plans are made in addition to, and not deducted from, employee's regular pay. Employees may have additional amounts deducted from their regular pay to contribute to these plans, based on the policies of each plan.

~~The Pool contributes the maximum allowable employer contribution into the retirement system. The Pool pays 8.54% of payroll for each employee into the 401k plan, and 4.3% into the deferred compensation plan.~~

B. ~~Group and Medical Insurance-Full-Time Employees~~

~~The Pool~~UCIP currently provides the following life and health benefits to full-time employees and their dependents:

1. Major medical and surgical
2. Dental Care
3. Vision Care
4. Group Term Life
5. Accidental Death and Dismemberment
6. Workers' Compensation (employees only)
7. Long Tterm Ddisability (employees only)

~~The Pool~~UCIP pays ~~100%~~a percentage of the cost for insurance coverage of the employee and eligible dependents determined by the Board of Trustees and shown in the

Schedule of UCIP Discretionary Benefits. The cost of optional coverages and amounts above the basic package are the responsibility of the employee.

B. — C. *Health Reimbursement Arrangement*

~~The Pool annually places \$200 per employee and per each family member (spouse, children) into a Section 125 Cafeteria Plan. Plan funds may be used by the employee to pay for deductibles, co-payments, and eligible, unreimbursed healthcare expenses. The UCIP Board of Trustees has adopted a Health Reimbursement Arrangement program. UCIP may contribute to the Health Reimbursement Arrangement as identified in the Schedule of UCIP Discretionary Benefits. All reimbursement from an employee's HRA account will be made only upon the employee providing receipts for qualifying expenses. Employees who terminate employment with UCIP for any reason will forfeit any unused funds in the HRA account, except that terminating employees will be reimbursed for qualifying expenses incurred by the employee or qualified dependents prior to termination~~

~~C.~~D. *Holidays*

~~The Pool~~UCIP provides the following paid holidays to allow employees to enjoy a break in the work routine and to commemorate special Federal and State historical events and activities.

The first day of January – New Years Day

The third Monday of January – Martin Luther King Day

The third Monday of February – Presidents' Day

The last Monday of May – Memorial Day

The 4th of July – Independence Day

The 24th of July – Pioneer Day

The first Monday of September – Labor Day

The second Monday of October – Columbus Day

The 11th of November – Veteran's Day

The fourth Thursday and Friday of November – Thanksgiving Day

The 25th of December – Christmas Day

When ~~New Years Day, July 4th, July 24th, Veteran's Day and/or Christmas Day~~ a paid Holiday falls on a Saturday, the day off will be observed on the Friday preceding the

~~H~~Holiday: if ~~one~~ a paid ~~of these~~ ~~H~~Holidays falls on Sunday, the day off will be on the Monday following the Holiday.

Should a paid ~~h~~Holiday occur while an employee is on vacation, the employee will not be charged with vacation on the day of the ~~H~~Holiday.

To be eligible for ~~H~~Holiday pay an employee must work the regular scheduled day prior to the ~~H~~Holiday, or the first regular scheduled day after the ~~H~~Holiday, or be on an authorized paid leave using vacation pay, sick leave pay, or accrued compensatory time etc.

~~D. Vacation-Full-Time Employees~~

The Pool provides paid vacation to all full-time employees according to the following schedule:

Eligible employees earn vacation as follows:

| <u>Service</u> | <u>Annual Vacation Days Earned</u> |
|--------------------------|------------------------------------|
| Less than 5 years | 12 days |
| 5 but less than 10 years | 15 days |
| 10 years and over | 20 days |

Here are some general vacation rules:

1. Eligible employees with less than five years of service earn vacation leave at the rate of one day of vacation leave for every month worked (one day for each full month of service). Employees with more than five but less than ten years of service earn 1.25 days per month, and employees with ten years of service and over earn 1.67 days per month. Vacation leave may be advanced to employees with the approval of the Chief Executive Officer. Probationary employees are not eligible for advanced leave. Advanced leave requests of more than 12 days must be submitted to the UCIP Board of Trustees for approval. Advanced leave not earned prior to a termination must be repaid by the employee.
2. Employees may use their vacation anytime, subject to staffing requirements of the Pool.
3. Legal holidays occurring while an employee is on vacation are not deducted from an employee's accrued vacation time.

~~E. Vacation~~

UCIP provides paid vacation to employees according to the Vacation section of the Schedule of UCIP Discretionary Benefits. Vacation time is provided to allow employees a break from their

work duties to rest and reinvigorate them. UCIP may require employees in fraud sensitive positions to take a minimum number of days of vacation per year. It is UCIP's intent to create incentives for employees to use vacation time in the year it is earned. A policy to carry over vacation time is provided to allow employees to plan for extended vacations, and is not meant as a means for employees to "bank" significant vacation time. It is also UCIP's intent to create incentives for employees to use vacation time in blocks of several days, rather than a day or two at a time.

Here are some general vacation policies:

1. Vacation time may be used in increments of no less than one half ($\frac{1}{2}$) day.
2. Employees may generally use their vacation anytime, however, to assure quality of member service all vacation time must be approved in advance by the employee's supervisor. To allow adequate time for the supervisor to consider requests for vacation, employees are encouraged to request vacation time as far in advance as possible, but generally not less than one week in advance of the beginning of the vacation period. If an employee feels their supervisor's denial of vacation time is unreasonable, they may ask for a review of the request for vacation by the Chief Executive Officer.
3. Paid Holidays occurring while an employee is on vacation are not deducted from an employee's accrued vacation time.
4. Vacation hours may be carried forward to succeeding years to the extent allowed by the policy of the UCIP Board of Trustees, as outlined in the Schedule of UCIP Discretionary Benefits.
5. Vacation time will not accrue while an employee is on an unpaid leave of absence, or when temporary totally disability due to a work related injury exceeds 45 days.
- ~~4. Vacation hours may be carried forward to succeeding years. However, no more than 45 days (360 hours) may be carried forward. All accumulated vacation leave above 45 days will be converted and paid to the employee at current rate of pay at the end of the calendar year.~~

~~5. Vacation time will not accrue while an employee is on leave of absence.~~

E.F. Sick Leave-Full-Time Employees

~~The Pool~~UCIP provides compensated sick leave to full-time employees who cannot perform their normal duties as a result of non-work related illness, ~~or~~ injury or physicians visits related to non-work related illness or injury. Employees are encouraged to build up sick leave so that days are available for serious illness. Employees who regularly deplete their earned and accrued sick leave will be counseled regarding the difficulties such a practice may create. Sick leave is a privilege and employees should use it responsibly.

Intentional misuse of sick leave may be grounds for discipline, up to and including termination.

Eligible employees may earn sick leave at the rate of ~~one day of leave for every month worked (one day for each full month of service)~~ identified in the Schedule of UCIP Discretionary Benefits. Employees may take sick leave for personal illness or to care for sick family members (spouse, child, or parent).

Here are some general sick leave policies~~rules~~:

1. ~~EAs a courtesy,~~ employees taking sick leave should provide notice at least one hour prior to beginning of ~~shift~~ the work day in order to minimize disruption to the workplace.
2. ~~Employees~~ Use of vacation time for absence~~t~~ from work due to ~~their~~ an employee's own illness or injury ~~will be carried on the payroll in a leave with pay status for a time equal to the compensated~~ will only be allowed when the employee has exhausted all earned and accrued sick leave. ~~accrued. After exhausting accrued sick leave, additional time off for illness will be charged to vacation time.~~ After exhausting all accrued sick and vacation time, the employee may be considered to be on an unpaid leave of absence at the discretion of the Chief Executive Officer.
3. Sick leave may be taken in increments no less than one half ($\frac{1}{2}$) ~~day~~ increments ~~smaller than eight hours~~.
4. ~~Legal~~ Paid Hholidays occurring while a full-time employee is absent from work for an illness or event qualifying for use of sick leave will not be deducted from an employee's ~~accrued~~ earned or accrued sick leave.
5. ~~5. —~~ A There is a limit of ~~120~~ 75 days (600 hours) of earned sick leave that may be accrued and carried forward to succeeding years. Earned or accrued sick leave exceeding this limit may be converted to additional vacation time at the rate of one day sick leave equals one-half ($\frac{1}{2}$) day additional vacation time and may either be added to the employee's accrued vacation or paid to the employee, at the rate of pay that the sick leave was earned, at the end of the calendar year.
6. ~~6. —~~ Unused sick leave may be converted to additional vacation time at the rate of one sick day leave equals one-half day additional vacation time and either taken as vacation or paid to the employee, at current rate of pay, at the end of the calendar year.
6. ~~7. —~~ Employees do not earn sick leave while on an unpaid absence, when a period of an employee's own illness or injury exceeds 45 days, or

when temporarily totally disability due to a work related injury exceeds 45 days.

78. After three (3) consecutive days of sick leave, at ~~the Pool~~ the Chief Executive Officer's discretion, an employee may be required to provide a doctor's certificate of ~~illness~~ disability with respect to any sick leave taken. If such certificate is not provided, the employee's absence may be considered an unpaid absence.
89. Up to five (5) days of sick leave per year may be used as personal days to perform various banking, financial, court appearance and other personal errands that the employee is unable to perform outside of work hours. Use of sick days as personal days may be used in increments of not less than one half (½) day. The use of sick leave as personal days must be approved by the Chief Executive Officer. ~~Employees are encouraged to build up sick leave so that days are available for serious illness. Employees who regularly use up sick leave will be counseled regarding the difficulties such a practice may create.~~

F.G. Bereavement Leave-Full-Time Employees

~~The Pool~~UCIP grants funeral bereavement leave to employees who suffer the death of a member of the immediate family, or a close relative. It is the intent of ~~the Pool~~UCIP to be considerate of an employee's special needs and to be supportive in the death of a loved one.

~~As a result of this consideration~~Accordingly, ~~the Pool~~UCIP may provide the individual employee with paid time off from work to attend the funeral and to fulfill other responsibilities before the funeral without charge to the employee's earned or accrued sick or vacation time.

If an employee suffers the death of a close relative, and requests time off from work during the period of bereavement, the Chief Executive Officer may approve the request based on the following:

1. The necessity and appropriateness of ~~having~~ the time off. The employee should be attending the funeral and/or have certain responsibilities to fulfill before the funeral.
2. The amount of time off:
 - a. If the deceased was a member of the employee's immediate family (spouse, child or child of a spouse, parent or parent of a spouse, sibling or sibling of a spouse, brother or sister-in-law, grandparent or grandparent of

a spouses, and grandchild or grandchild of a spouse), the employee may have paid time off up to five (5) days at any time between the death and the day of the funeral.

- b. For other close relatives (aunt, uncle, niece, or nephew of either the employee or spouse) the employee may have paid time off for the day of the funeral.
3. The pay for bereavement leave will be based on the employee's ~~normal~~ current rate of pay and the number of hours in the normal workday. Employees may request additional days off and use accrued ~~time~~ vacation, personal days or leave without pay, as ~~appropriate~~ approved by the Chief Executive Officer.
4. In the event of the death of a member of the immediate family while an employee is on vacation, the vacation will be extended by the amount of time normally authorized as outlined above.

G.H. Family and Medical Leave-Full-Time Employees

~~The Pool~~UCIP complies with all applicable requirements of the Family and Medical Leave Act of 1993 (FMLA).

1. An employee's use of FMLA will not result in the loss of any employment benefit that was earned or accrued prior to the start of the employee's leave except to the extent that. ~~However,~~ the employee must first use any earned and accrued ~~paid~~ vacation, compensatory time, and sick leave during the FMLA leave period. In calculating the twelve (12) week FMLA limit, all paid leave will be included.
2. ~~The Pool~~UCIP has adopted the calendar year as the basis for determining FMLA eligibility. However ~~the Pool~~UCIP retains the right to change the eligibility period when it is determined to be in the best interest of ~~the Pool~~UCIP to do so in terms of administration.
3. Upon returning from FMLA leave, most employees will be reinstated to the same, or equivalent, position with equivalent pay, benefits, and other employment terms as previously provided. There will be no loss of benefits ~~that~~ accrued prior to the start of the employee's leave with the exception of use of earned or accrued vacation or sick leave used during the FMLA leave period.

H.I. Jury Duty

Every employee ~~is entitled to~~ will be granted a leave of absence when subpoenaed or ordered to appear as a juror or witness by the Federal Government, State of Utah, or political subdivision thereof. If the employee turns over the juror or witness fee to ~~the~~

~~Pool~~UCIP along with a copy of the subpoena, ~~the Pool~~UCIP will pay the employee's regular compensation. Travel time to or from juror or witness duty is also considered an approved absence, but ~~the Pool~~UCIP will not pay for mileage regardless of whether the subpoena requires travel during work hours.

~~I.J.~~ Education Assistance-Full-Time Employees

~~Pool~~UCIP employees are encouraged to seek further education to perform their jobs more effectively and to enhance their professional development. UCIP may subsidize the education expenses of employees under specified circumstances. This policy is subject to availability of funds, and applies only to full-time employees.

~~1.~~Program Eligibility

1.

The education program must provide a benefit to ~~the Pool~~UCIP by directly relating to the work the employee currently performs or will be required to perform. Eligibility of the education program will be determined by, and must be approved by, the Chief Executive Officer.

~~2.~~Reimbursement

2.

Education assistance shall not exceed \$500 ~~in any one year~~ the amount shown in the Schedule of UCIP Discretionary Benefits. ~~Tuition costs~~ Education expenses shall not be carried into the next budget year for reimbursement.

~~3.~~Procedures

3.

- a. Employees are encouraged to attend classes and study during non-working hours. In the alternative, the Chief Executive Officer may flex an employee's work schedule to allow the employee to attend classes and study for exams.
- b. To receive education assistance, an employee must receive approval from the Chief Executive Officer prior to commencement of the class. Employees are encouraged to discuss education assistance well in advance of the commencement of classes, to allow the expense to be appropriately budgeted.
- c. To be reimbursed, the employee must complete the approved class with a final grade of "C" or better. If the course is only offered on a pass/fail basis, the employee must receive a passing grade.
- d. The employee must submit proof of a satisfactory grade and proof of tuition payment to the Chief Executive Officer prior to reimbursement.

4.Required Classess

4.

If the PoolUCIP requires an employee to attend an education program or class, the PoolUCIP shall pay the full cost of the program or class.

J.Travel for UCIP Business

The Pool will pay for mileage or other transportation costs, lodging and a per diem for travel authorized for Pool business. The amounts paid are determined from time to time by the UCIP Board of Trustees.

1. ~~Mileage.~~ The Pool will pay for mileage at the approved rate when an employee uses a personal vehicle for official business outside normal travel to and from work.
2. ~~Per Diem.~~ The Pool will pay per diem at a rate established by the Board of Trustees for employees away from home on approved business. Per Diem is not payable to employees on business in the employee's home county or Salt Lake County. Travel requirements for per diem are a trip of at least 100 miles and/or five hours duration.
3. ~~UCIP Automobiles.~~ An automobile is provided to the Chief Executive Officer, Loss Control Manager, and the Safety Specialist as part of the benefit package. Expenses for the use of the automobiles are paid by the Pool, except gasoline for personal, out of state use.
4. ~~Other Travel Expenses.~~ The Pool will pay or reimburse employees for other expenses, such as lodging or airfare, on approved business trips.
5. ~~Cell Phones.~~ Employees furnished cell phones will reimburse UCIP for personal calls that put the monthly charge over the minimum and any personal charges above the minimum. When out of town and/or out of state, the employee should evaluate charges from a hotel and cell phone and choose the lesser cost.

K.Cost of Living Adjustment

1. ~~Employee salaries may be adjusted annually to protect them from inflation of the local economy. COLA will be paid only if funds are available in the budget.~~
2. ~~The adjustment will be based upon the percentage increase (if any) of the U.S. Department of Labor, Consumer Price Index for the Salt Lake City Area as reported in January of each year, which shall be the effective date of the salary adjustment.~~

L. Merit Salary Increases

1. Merit salary increases for employees shall be considered annually on the basis of a satisfactory performance review.
2. Merit salary increases shall only be granted upon approval of the Chief Executive Officer and the Board of Trustees.
3. The effective date of the merit increase shall be the employee's anniversary date of employment with the Pool.

M. Discretionary Award

The Pool may provide an annual award up to \$250 to all full-time employees with the first payroll of December. The award may be made at the discretion of the Chief Executive Officer.

N. Disclaimer

The Pool reserves the right to make changes in benefits, providers, or other benefit issues at any time.

SECTION IV WORK POLICIES-ALL EMPLOYEES

A.Terminating Employment

An employee's employment with the Pool may terminate in different ways:

1.Resignation. Employees may resign at any time. However, as a courtesy, the Pool requests that employees give two weeks written notice so that the Pool has time to prepare final paperwork and arrange to assure a minimal disruption to the work. Any accrued vacation and sick leave will be paid at the time of resignation.

2.De facto Resignation. Employees who are absent from work for three (3) consecutive days and are capable of providing notice to their supervisor, but fail to do so, are considered to have voluntarily resigned.

3.Involuntary Termination

B.Outside Employment

No Pool employees may engage in any outside employment or activity that impairs the performance of their duties or is detrimental to our customer service.

C.Absence Without Leave

No employee may be absent from duty without permission. All employees should notify the Chief Executive Officer prior to an absence. In emergency situations where prior notification is not possible, the employee should notify as soon as possible.

If a pattern (two or more) of unexplained or unexcused absences develops, employees may be subject to a disciplinary action, including termination.

D.Work Hours

All full-time employees are expected to work their assigned schedule.

1.Hours are from 8:30 a.m. until 5:00 p.m.

2.Each employee is allowed a thirty minute lunch period. The employee's actual time will be determined by the Chief Executive Officer. Employees are normally expected to be present during all other work hours unless special arrangements are made with the Chief Executive Officer from time to time for cause.

3. Generally, employees are not allowed to skip their lunch break to leave work early.

E. ~~SECTION IV - Standards of Conduct~~ STANDARDS OF CONDUCT

The ~~Pool~~UCIP expects its employees to conduct themselves diligently and honorably in their assignments on behalf of UCIP, its members and the public. Employees should:

1. Work diligently on their assigned duties during their assigned work schedules.
2. Make prudent use of ~~Pool~~UCIP funds, equipment, buildings, supplies, and time.
3. Work courteously with coworkers, members and the public.
4. Observe work place rules of conduct and safety.
5. Meet the standards of their individual job descriptions.
6. Report and correct circumstances that prevent employees from performing their jobs effectively or completing their assigned tasks.

F.A. Employee Discipline

Employees who violate ~~Pool~~UCIP policy are subject to discipline. Depending upon the circumstances, the ~~Pool~~UCIP may transfer, suspend, reduce pay, demote, or terminate or take other action deemed appropriate by the Chief Executive Officer to discipline employees who violate ~~Pool~~UCIP policy. Grounds for discipline may include, but are not limited to:

1. Inefficiency;-
2. Incompetence;-
3. Failure to maintain skills;-
4. Inadequate performance levels;-
5. Neglect of duty;-
6. Misconduct;-
7. Inability to work in harmony with coworkers;-
8. Rudeness to coworkers, members or the public;-

9. Disobedience of a reasonable order of a supervisor;-
10. Dishonesty;-
11. Insubordination.
12. Misappropriation or damage to ~~public~~ UCIP funds or property;-
13. Misuse of ~~public~~ UCIP funds or property;-
14. Tardiness;-
15. Unapproved absences;-
16. Any act inimical to public service;- and/or
17. Felony convictions and other violations of Sstate and Ffederal law.

This list is not exhaustive and is set forth as a guideline. This list should **not** be construed as preventing or limiting ~~the Pool~~ UCIP from taking disciplinary action, including termination, in circumstances where ~~the Pool~~ UCIP deems such action to be appropriate, regardless of whether ~~the Pool~~ UCIP has specifically identified a written rule or policy. Similarly, employees may be disciplined for violations of ~~Pool~~ UCIP policy found in other sections of this manual, violations of State orf Federal law, or violations of relevant policies, rules or laws promulgated elsewhere.

Employees may appeal disciplinary action through ~~the Pool~~ UCIP's Dispute Resolution process.

G.B. Drug Free Workplace

UCIP is committed to providing a safe work place and ensuring the safety of the general public and asks your cooperation in this effort.

The purpose of this policy is to implement the Federal Drug Free Workplace Act of 1988 by providing for a safe and productive work environment that is free from impaired performance caused by employee use or abuse of controlled substances, medication, and/or alcohol. This policy establishes procedures for controlling drug or alcohol use or abuse in the workplace and applies to all employees. Impaired means an SMQ or impermissible quantity of a drug as shown in ~~Attachment below~~:

Significant Measurable Quantity (SMQ) means the impermissible quantity of a drug, including alcohol, that indicates a positive drug and/or alcohol test in violation of UCIP's written policy. The SMQ for drugs is established by the Federal Department of Health and Human Services and is subject to change. The SMQ for alcohol is based on the Federal Highway Administration (FHWA) and is subject to change.

| <u>Drug</u> | <u>Screening (ng/ml)</u> | <u>Confirmation (ng/ml)</u> |
|---|--------------------------|-----------------------------|
| Marijuana | 50 | 15 |
| Cocaine | 300 | 150 |
| Meth/Amphetamine | 1000 | 500* |
| Opiates | 300 | 300 |
| Phencyclidine (PCP) | 25 | 25 |
| Barbiturates | 300 | 300 |
| Benzodiazepines | 300 | 300 |
| Propoxyphene | 300 | 300 |
| Methadone | 300 | 300 |
| Alcohol | 0.04 | 0.04 |
| <p>* Amphetamine must be present in a concentration greater than 200 ng/ml to report a specimen positive for methamphetamine. If the amphetamine concentration is less than 200 ng/ml, a 1-methamphetamine analysis must be performed. When the 1-methamphetamine percentage is greater than 80%, the specimen is reported as negative.</p> | | |

1. Responsibility of Employees

- a. No employee shall unlawfully manufacture, dispense, possess, use, or distribute any controlled substance, medication, or alcohol.
- b. Any employee convicted under a Ffederal or Sstate statute regulating controlled substances shall notify his or her supervisor within five (5) days after the conviction.
- c. No employee shall consume alcohol immediately before work, during work hours while at work, during breaks, or during lunch. No employee shall be impaired by alcohol, illegal drugs, or medication during work hours. No employee shall represent the PoolUCIP in an official capacity while impaired by alcohol, illegal drugs, or medication.
- d. If an employee is using medication that may impair performance of duties, the employee shall report that fact to his or her supervisor.
 - (i) No employee using medication that may impair performance shall operate a motor vehicle on behalf of the PoolUCIP.

2. Reasonable Suspicion Testing

- a. Any employee who has reason to believe that the performance of another employee is impaired by alcohol, illegal drugs, or medication shall notify the impaired employee's supervisor. At the request of the employee's supervisor, the employee suspected of being under the influence of alcohol and/or drugs shall submit to a chemical test of their bodily fluids. Refusal to submit to a test shall be deemed a violation of this policy subject to disciplinary action, up to and including termination.

The cost of the test shall be paid by UCIP.

3. Corrective Action

- a. The Chief Executive Officer or the supervisor of an employee, whose performance is impaired by alcohol, illegal drugs, or medication, shall take corrective action, which may include discipline.
- b. Upon taking corrective action, the Chief Executive Officer shall prepare a written report stating the reasons for the action.
- c. An employee impaired by illegal drugs or alcohol during work hours shall be relieved from duty and shall use be charged ~~accumulated~~ earned or accrued vacation leave for the absence.
- d. An employee impaired by medication during work hours may be relieved from duty and shall use be charged ~~accumulated~~ earned or accrued ~~vacation~~ sick leave for the absence.
- e. The Chief Executive Officer may change an employee's assignment while the employee is using medication, if the employee is impaired by the medication.
- f. If the Chief Executive Officer has reason to believe that an employee may be abusing an illegal drug, medication, or alcohol, the Chief Executive Officer may refer the employee to an evaluation program for the purpose of obtaining a diagnosis.
 - (i) The cost of the evaluation and any necessary testing shall be paid by the ~~Pool~~ UCIP.

4. Treatment Program

- a. If an employee admits abusing an illegal drug, medication, or alcohol, or if it is determined by a medical or other recognized professional diagnosis

that an employee is abusing an illegal drug, medication, or alcohol, the Chief Executive Officer may refer the employee to a treatment program based on the severity of the condition.

- (i) The employee shall participate in the treatment program at the employee's expense.
 - (ii) The Chief Executive Officer may change an employee's assignment while the employee is enrolled in a treatment program.
- b. An employee participating in a treatment program shall use accumulated leave consistent with the sick leave policy for any absence.
- c. The employee shall provide documentation of successful completion of the treatment program.
 - (i) After the employee's successful completion of the treatment, the Chief Executive Officer shall reinstate the employee to the employee's former or equivalent position.
- d. The employee shall sign a release to allow communication between the Chief Executive Officer and the treatment provider. All such communication shall be maintained in a confidential file separate from the employee's personnel file.
- e. The Chief Executive Officer may ~~dismiss~~ terminate an employee who refuses to enroll in a treatment program, fails to successfully complete the program, or fails to provide documentation of completion.
- f. The Chief Executive Officer may reassign an employee returning from treatment.

H.C. Sexual Harassment Prohibited-All Employees

UCIP does not tolerate sexual harassment. Sexual Harassment means "Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment" (Equal Employment Opportunity Commission Guidelines, Section 1064.11).

All employees are responsible for ensuring that the workplace is free from all forms of sexual harassment.

1. Sexual harassment encompasses a wide range of behaviors, including sexual attention, sexual advances, requests for sexual favors, and other verbal, visual, or physical conduct of a sexual nature.
2. Examples of sexual harassment may include, but are not limited to the following:
 - a. Implying or threatening adverse employment actions if sexual favors are not granted.
 - b. Promising preferential treatment in return for sexual favors.
 - c. Subtle pressure for sexual activity.
 - d. Inappropriate touching of any individual i.e. petting, pinching, hugging, or repeated brushing against another employee's body.
 - e. Offensive remarks, including unwelcome comments about appearance, obscene jokes, or other inappropriate use of sexually explicit or offensive language
 - f. The display of sexually suggestive objects or pictures.
 - g. Disparaging remarks about a person's gender.
 - h. Spreading stories about a person's sexual conduct.
 - i. Questions about a person's sexual activity.
 - j. Physical aggression such as pinching or patting.
 - k. Verbal sexual abuse disguised as humor.
 - l. Obscene gestures.
 - m. Horseplay or bantering of a sexual or off-color nature.
 - n. Other actions of a sexual nature that affect the terms and conditions of a person's employment.
 - o. Conduct or comments consistently targeted at only one gender, even if the content is not sexual.
3. ~~The Pool~~UCIP considers prompt reporting of sexual harassment to be a condition of your employment. If you believe that you have experienced or

witnessed sexual harassment, you must immediately report your concern to the Chief Executive Officer. If you feel uncomfortable reporting to the Chief Executive Officer, contact a member of the UCIP Board of Trustees.

4. ~~The Pool~~UCIP will not retaliate against any person who reports sexual harassment unless the report was false and was made maliciously.;
5. ~~The Pool~~UCIP will investigate allegations of sexual harassment and will take appropriate action against any person found to have violated this policy. Individuals who engage in sexual harassment are subject to discipline, which may include, but is not limited to reprimand, reassignment, suspension, demotion, termination, or other sanctions.

~~I.D.~~ Harassment Based on Other Protected Categories Prohibited-All Employees

~~The Pool~~UCIP believes that a workplace free from hostile, intimidating, or offensive behavior is the most productive workplace. Employees should use courtesy and common sense professionalism when interacting with coworkers. Employees who harass others based upon their color, national origin, age, religion or disability are subject to discipline, up to and including termination. All employees should work together in a professional manner with courteous, mutual respect.

Harassment based on color, national origin, age, religion or disability encompasses a wide range of behaviors, including racially based derogatory comments, taunting, or treatment. Examples of racial-protected category harassment may include, but are not limited to, the following:

1. Slurs or put-downs based on color, national origin, age, religion or disability.
2. Materials such as cartoons or e-mails making fun based on color, national origin, age, religion or disability.

~~The Pool~~UCIP considers prompt reporting of harassment to be a condition of your employment. If you believe that you have experienced or witnessed harassment based on color, national origin, age, religion or disability, you must immediately report your concern to the Chief Executive Officer. If you feel uncomfortable reporting to the Chief Executive Officer, contact a member of the Board of Trustees.

~~The Pool~~UCIP will investigate allegations of racial or sexual-protected category harassment and will take appropriate action against any person found to have violated this policy. Individuals who engage in racial or sexual-protected category harassment are subject to discipline, which may include, but is not limited to reprimand, reassignment, suspension, demotion, termination, or other sanctions.

J.E. Computer and E-Mail Usage-All Employees

The Pool UCIP recognizes that excessive personal use of Pool UCIP-owned computers during work hours can affect productivity. **The Pool UCIP reserves the right to monitor computer usage, files stored on UCIP Pool computers, and Internet usage.**

For purposes of this policy, "files" means all documents, programs, e-mail, and Internet locations that are created, accessed, stored, or temporarily located on a UCIP Pool computer.

1. Personal Use. Employees may use assigned computers for limited personal purposes. This approval is similar to the occasional personal use of telephones during breaks. Excessive use of the computer for personal reasons is not allowed.
2. Inappropriate Usage. Employees are not allowed to use a computer for self-employment, or outside employment purposes. Entering or maintaining information on a Pool UCIP computer that is in violation of the Pool UCIP's policies and procedures, or that violates state or federal law, is prohibited and may result in disciplinary action, including termination.
3. Privacy. All files created, accessed, or stored on a UCIP Pool computer are considered UCIP Pool property. Employees are advised that there is no right to privacy when using a UCIP Pool Computer.
4. Licenses. Employees shall use computer software only in accordance with the license agreement. Copying software licensed to, or developed by, UCIP for home computer use or any other purpose is prohibited. Bringing software from home computers to run on UCIP computers is also prohibited. Downloading of software onto UCIP computers is prohibited unless prior authorization has been provided by the Chief Executive Officer.
5. Equipment. Only authorized employees may purchase, move, alter, or repair computer equipment and wiring.
6. E-mail. Employees may use the Pool UCIP's e-mail functions as explained above.
7. Internet Access. Internet usage falls within the above constraints.
8. Disciplinary Action. Employees using Pool UCIP computers in an unauthorized or inappropriate manner may be disciplined. Discipline may include termination.

K.F. Seat Belt Use – All Employees

Employees must use seatbelts while in vehicles pursuing performing official UCIP business which includes travel eligible for reimbursement by UCIP.

L.G. Cell Phone Use—All Employees

1. Cell phones should not be used while in vehicles performing UCIP business which includes travel eligible for reimbursement by UCIP when it is a distraction to driving. Whenever possible, the employee should use hands free phone equipment or pull over when safe to continue or return the phone call.

~~2. Whenever possible, pull over when safe to use the phone.~~

SECTION V - DISPUTE RESOLUTION PROCESS

A. *Dispute Resolution Philosophy*

The PoolUCIP encourages its employees to work to resolve disputes amicably and informally. When a dispute arises regarding suspension, transfer, demotion, or dismissal, full-time employees may seek redress through the dispute resolution process. When a dispute arises regarding unlawful discrimination, all employees may seek redress through the dispute resolution process. The following definitions apply to the dispute resolution process:

1. Suspension-- An absence imposed as discipline, without pay, which may or may not result in further disciplinary action.
2. Transfer-- An involuntary job assignment change from one department to another.
3. Demotion-- A job classification change to a lower grade.
4. Dismissal-- Involuntary termination from PoolUCIP employment
5. Unlawful Discrimination-- A claim of discriminatory treatment based on a protected category such as race, color, national origin, sex, age, disability, or religion.

This dispute resolution process is intended to foster fair resolution of employee disputes. Therefore, procedure should not override efforts to amicably resolve differences. However, in order to expeditiously resolve disputes and minimize interference with the public's business, matters of timing should be adhered to unless good cause is shown or the parties agree to extensions.

The PoolUCIP prohibits retaliation against employees who utilize the dispute resolution process. Employees with questions regarding how the dispute resolution process works may seek counseling from the Chief Executive Officer regarding procedure; however, the Chief Executive Officer cannot comment or provide advice on the substantive issues in dispute. Employees may select a representative of their choice to represent them at any stage of the dispute resolution process.

The PoolUCIP urges employees to attempt to resolve disputes informally with the Chief Executive Officer. ~~Before~~ Prior to requesting ~~launching~~ a formal review ~~with~~ by the Chief Executive Officer, employees should attempt to resolve disputes by dealing directly with the individuals involved. However, the PoolUCIP recognizes that there are circumstances where employees may feel uncomfortable addressing issues directly with a supervisor. In such cases, employees may proceed directly to the next step of the dispute resolution process.

B. Dispute Resolution Procedure

The PoolUCIP's dispute resolution process involves two steps. Employees who are unhappy with the outcome of any step may proceed to the next step in the process. Step one of the dispute resolution process must be commenced within 30 calendar days of the event giving rise to the dispute or within 30 calendar days of the time the employee reasonably should have known of the event giving rise to the dispute.

Step One: Chief Executive Officer Review

If a dispute remains unresolved after an informal attempt to work out a solution, an employee may file a written appeal with the Chief Executive Officer stating the basis of the dispute and outlining the employee's position. The Chief Executive Officer has ten (10) working days to respond to the employee's dispute.

Step Two: Board of Trustees Review

~~1. Chief Executive Officer Review. If a dispute remains unresolved after an informal attempt to work out a solution, an employee may file a written appeal with the Chief Executive Officer stating the basis of the dispute and outlining the employee's position. The Chief Executive Officer has ten working days to respond to the employee's dispute.~~

~~2. Board of Trustees Review. If the employee is unsatisfied with the outcome of the Chief Executive Officer review, or if the Chief Executive Officer fails to respond within ten working days, the employee has ten working days from the receipt of the Chief Executive Officer's response, or the date the Chief Executive Officer should have responded, to file a written appeal with the Board of Trustees. The Board may request additional information from the parties involved and, at its discretion, may hold an informal hearing attended by the parties. If the Board elects to hold a hearing, the Board will issue a written decision to the parties within fifteen (15) working days from the hearing date. If the Board elects not to hold a hearing, the Board will issue a written decision within fifteen working days of receipt of the last additional information requested by the Board from the parties.~~

ATTACHMENT 1

Significant Measurable Quantity (SMQ) means the impermissible quantity of a drug, including alcohol, that indicates a positive drug and/or alcohol test in violation of UCIP's written policy. The SMQ for drugs is established by the Federal Department of Health and Human Services and is subject to change. The SMQ for alcohol is based on the Federal Highway Administration (FHWA) and is subject to change.

| <u>Drug</u> | <u>Screening (ng/ml)</u> | <u>Confirmation (ng/ml)</u> |
|---------------------|--------------------------|-----------------------------|
| Marijuana | 50 | 15 |
| Cocaine | 300 | 150 |
| Meth/Amphetamine | 1000 | 500 [*] |
| Opiates | 300 | 300 |
| Phencyclidine (PCP) | 25 | 25 |
| Barbiturates | 300 | 300 |
| Benzodiazepines | 300 | 300 |
| Propoxyphene | 300 | 300 |
| Methadone | 300 | 300 |
| Alcohol | 0.04 | 0.04 |

^{*} AMPHETAMINE MUST BE PRESENT IN A CONCENTRATION GREATER THAN 200 NG/ML TO REPORT A SPECIMEN POSITIVE FOR METHAMPHETAMINE. IF THE AMPHETAMINE CONCENTRATION IS LESS THAN 200 NG/ML, A 1-METHAMPHETAMINE ANALYSIS MUST BE PERFORMED. WHEN THE 1-METHAMPHETAMINE PERCENTAGE IS GREATER THAN 80%, THE SPECIMEN IS REPORTED AS NEGATIVE.

SCHEDULE OF UCIP DISCRETIONARY BENEFITS

Retirement Account Contributions

URS Pension Plan

UCIP contributes the maximum allowable employer contribution into the URS Pension Plan for each eligible employee.

URS 401k Plan

UCIP contributes an amount equal to 8.54% of eligible employee's payroll into the URS 401k plan.

Nationwide 457 Plan

UCIP contributes an amount equal to 4.3% of eligible employee's payroll into the Nationwide 457 Plan.

Health Insurance

For the UCIP sponsored group health insurance coverage, UCIP pays 100% of the monthly premiums for employee coverage and 100% of the monthly premiums for the employee's spouse and eligible dependents coverage. The employee is responsible for all deductibles and co-payments.

Accidental Death and Dismemberment

For the UCIP sponsored group Accidental Death and Dismemberment insurance coverage, UCIP pays 100% of the monthly premiums for \$50,000 of coverage for the employee.

Dental and Optical Insurance

For the UCIP sponsored group dental and optical insurance coverage, UCIP pays 100% of the monthly premiums for employee coverage and 100% of the monthly premiums for the employee's spouse and eligible dependents coverage. The employee is responsible for all deductibles and co-payments.

Long-Term Disability Insurance

For the UCIP sponsored group Long-Term Disability insurance coverage, UCIP pays 100% of the monthly premiums the basic employee coverage.

Life Insurance

For the UCIP sponsored group life insurance coverage, UCIP pays 100% of the monthly premiums for \$50,000 coverage for the employee and 100% of the monthly premium for \$10,000 coverage for the employee's spouse and eligible dependents.

Auto Allowance

UCIP provides specific employees who regularly use their personal auto for UCIP business a Monthly Auto Allowance of \$750. The employee will be reimbursed for mileage only when the mileage for a UCIP approved business trip exceeds the Mileage Reimbursement Threshold of 70 Miles round trip.

Health Reimbursement Arrangement

UCIP will contribute annually into a Health Reimbursement Arrangement account \$200 for each full time employee, \$200 for an employee's spouse, and \$200 for each eligible dependent.

Vacation

Eligible employees with less than five years of service earn vacation leave at the rate of one day of vacation leave for every month worked (one day for each full month of

service). Employees with more than five but less than ten years of service earn 1.25 days per month, and employees with ten years of service and over earn 1.67 days per month. Vacation leave may be advanced to employees with the approval of the Chief Executive Officer. Advanced leave requests of more than 12 days must be submitted to the UCIP Board of Trustees for approval. Advanced leave not earned prior to a termination will be deducted from the employee's final pay check.

Sick Leave

Eligible employees earn sick leave at a rate of one day of leave for every month worked (one day for each full month of service). Sick leave is earned in whole day increments only.

Per Diem

Per diem for travel within the state of Utah is paid at \$30 per day. Per diem for travel outside the state of Utah is paid at \$75 per day.

Education Assistance

Reimbursement for Education Assistance for qualifying employees shall not exceed \$500 per year.

Discretionary Award

Discretionary awards may not exceed \$250 per employee.

OFFICE LEASE AGREEMENT

THIS OFFICE LEASE AGREEMENT (the "Lease") is made and entered into this ____ day of August, 2008, by and between Western AgCredit, FLCA (hereinafter referred to as "Landlord"), and Utah Counties Insurance Pool (hereinafter referred to as "Tenant").

W I T N E S S E T H:

In consideration of the rents, covenants and agreements hereinafter set forth, Landlord and Tenant mutually agree as follows:

ARTICLE I: PREMISES

Landlord hereby leases and demises to Tenant and Tenant hereby leases from Landlord approximately 7,299 square feet of rentable space on the "Garden Level" of the office building located at 10980 South, Jordan Gateway, South Jordan, Salt Lake County, Utah, 84095, and more particularly depicted on Exhibit "A" attached hereto and by this reference made a part hereof (hereinafter the "Property"), together with other improvements now or hereinafter located thereon and affixed thereto (hereinafter collectively "Improvements") and any and all privileges, easements, and appurtenances belonging thereto or granted herein. The Property and the Improvements are hereinafter collectively referred to as the "Premises".

ARTICLE II: TERM COMMENCEMENT

2.1 Term of Lease. This Lease shall be for a term of seven (7) years commencing on the Commencement Date and ending at 12:01 a.m. on the eighth anniversary of the Commencement Date. The Commencement Date shall be the earlier of (i) the date on which the Premises are "Ready for Occupancy" as defined in Section 9.2 below, or (ii) the date on which Tenant takes possession or commences use of the Premises for any purpose. In no event shall the Commencement Date occur before December 1, 2008. The Commencement Date shall be confirmed in writing as set forth in Section 9.2 hereof.

2.2 Lease Year. The term "Lease Year" as used in this Lease shall mean a period of twelve (12) consecutive calendar months during the term of this Lease. The first Lease Year shall begin on the Commencement Date if the Commencement Date occurs on the first day of a calendar month; if not, the first Lease Year shall begin on the first day of the calendar month next following the Commencement Date. Each succeeding Lease Year shall begin at the expiration of the immediately preceding Lease Year.

ARTICLE III: RENT

3.1 Monthly Rent. As monthly rent for the Premises, Tenant shall pay to Landlord on or before the first day of each calendar month during the term of this Lease the sum of \$_____, which is equal to Seventeen Dollars (\$17.00) per rentable square foot of the Premises per year (hereinafter the "Rent"). If the Commencement Date is not on the first day of the month, or if this Lease terminates on a day other than the last day of the month, the Rent shall be prorated for such fractional month or months, if any, during which this Lease commences or

terminates, at the then current rate. Notwithstanding the foregoing, the Rent for the first two months following the Commencement Date is hereby waived.

3.2 Annual Rent Increase. Each year of the Lease Term beginning on the third anniversary of the Commencement Date, the Rent shall be increased by three percent (3%) for the next succeeding twelve (12) months. The effect of this provision is to have no Rent increase for the first three years of the term of the Lease.

3.3 Additional Rent for Extra Common Operating Expenses. The Rent described in Section 3.1 above includes a credit of up to \$6.00 per square foot of rentable space of the Premises for Tenant's proportionate share of the Common Operating Expenses. Such Common Operating Expenses include the expected costs of the utilities (other than telephone and internet), real estate taxes, Landlord's casualty insurance and general maintenance obligations undertaken by Landlord in Articles VII and VIII below. In addition to the Rent, Tenant shall pay its proportionate share of all Common Operating Expenses actually incurred by Landlord to the extent the same exceeds \$6.00 per square foot of rentable space. Such additional Rent shall be paid on a monthly basis within 15 days following written request and supporting documentation for same having been delivered by Landlord to Tenant.

ARTICLE IV: LATE CHARGES

If Tenant fails to pay any Rent when such Rent is due and payable in accordance with Section 3.1 of this Lease, Landlord, at Landlord's election, may assess and collect a late fee charge equal to ten percent (10%) of each payment of Rent not received within ten (10) days from the date such Rent payment is due.

ARTICLE V: SECURITY DEPOSIT

Concurrently with Tenant's execution of this Lease, Tenant shall deposit with Landlord the sum equivalent to one month's Rent under this Lease (hereinafter the "Security Deposit"). The Security Deposit shall be held by Landlord for the faithful performance by Tenant of all of the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the term of this Lease. If Tenant defaults with respect to any provision of this Lease, including but not limited to the provisions relating to the payment of Rent, and any costs, expenses, and charges payable under the provisions of this Lease, Landlord may, but shall not be obligated to use, apply or retain all or a part of the Security Deposit for the payment of any amount which Landlord may spend by reason of Tenant's default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within ten (10) days after written demand, deposit with Landlord an amount sufficient to restore the Security Deposit to its original amount; and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep the Security Deposit separate from Landlord's general funds, and Tenant shall not be entitled to interest on the Security Deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by Tenant, the Security Deposit or any balance thereof shall be returned to Tenant or, at Landlord's option, to the last permitted assignee of Tenant's interest under this Lease at the expiration of the term of this Lease and after Tenant or Tenant's permitted assignee has vacated the Premises. In the event of termination of Landlord's

interest in this Lease, Landlord shall transfer the Security Deposit to Landlord's successor in interest whereupon Tenant agrees to release Landlord from liability for the return of the Security Deposit or any accounting therefore.

ARTICLE VI: QUIET ENJOYMENT

Landlord hereby covenants to Tenant that, subject to Tenant's compliance with the terms and provisions of this Lease, Tenant shall peaceably and quietly hold and enjoy the full possession and use of the Premises during the term of this Lease.

ARTICLE VII: TAXES, ASSESSMENTS AND OTHER CHARGES

Landlord shall pay all real estate taxes, assessments (general and special), and other charges which may be levied, assessed or charged against the Premises, accruing or becoming due and payable during the term of this Lease, which shall be considered part of the Common Operating Expenses.

ARTICLE VIII: UTILITIES AND MAINTENANCE

8.1 Landlord's Responsibilities. Landlord shall be solely responsible for all charges for water, gas, heat, light, power, garbage removal, and snow removal during the term of this Lease. Landlord has also agreed to provide regular maintenance and cleaning service of the Premises. All of the services described in this Section 8.1 shall be considered part of the Common Operating Expenses.

8.2 Tenant's Responsibilities. Tenant shall be solely responsible for all charges for phone and internet connection and service. However, Landlord will take no intentional action which may cause an unscheduled interruption in Tenant's telephone or internet lines, said communication systems being critical to Tenant's ongoing business operations. Notwithstanding the foregoing, if it becomes necessary for Landlord to shut down the said communication systems for reconstruction or remodeling work on the office building, such temporary cessation of communications systems shall be undertaken only upon prior notice to Tenant and at such time and for such duration as to minimize any interruption in Tenant's operations. Such remodeling or reconstruction activities are not planned or expected, but may unexpectedly occur during the term of this Lease. At all times during the term of this Lease, and regardless of any services provided by Landlord in Section 8.1 above, Tenant shall be solely responsible to keep the Premises in a neat, clean, and sanitary condition and shall comply with all valid federal, state, county, and city laws and ordinances and all rules and regulations of any duly constituted authority, present or future, affecting or respecting the use or occupancy of the Premises by Tenant.

ARTICLE IX: FINISH CONSTRUCTION OF PREMISES

9.1 Construction of Improvements. After review and approval of Tenant's chosen design and layout of the Premises, Landlord shall, within the aggregate total cost of \$50 per square foot of net usable space, finish construction of the Premises. Tenant shall present to Landlord suggested plans and specifications for the installation of the finish work and Improvements. Landlord has sole discretion to accept, reject, or modify any such plan. Tenant

may, if Landlord agrees, pay for any upgrades in materials or design elements above and beyond the costs Landlord has agreed to pay. Such alterations, decorations, additions and Improvements shall not be removed from the Premises during the term of this Lease without the prior written consent of Landlord and, upon expiration of this Lease, all such alterations, decorations, additions and Improvements shall at once become the Property of Landlord.

9.2 Completion of Improvements. The Premises shall be completed by Landlord substantially in accordance with the description of a "work letter agreement" entered into between Landlord and Tenant. Landlord's obligation for completion of the Premises shall be defined and limited by the work letter and Landlord shall not be required to furnish or install any item not indicated thereon. The Premises shall be deemed "Ready for Occupancy" on the date on which Tenant receives Landlord's certificate that the work described in the work letter agreement has been substantially completed except for items of work and adjustment of equipment and fixtures which can be completed after occupancy has been taken without causing substantial interference with Tenant's use of the Premises (i.e., so-called "punch list" items). It is expressly understood by the parties that "Ready for Occupancy" does not include the installation and completion of a telephone system or other communications or data processing lines or systems in the Premises, which shall be solely Tenant's responsibility. Promptly following the delivery of the Premises, which shall be solely Tenant's responsibility, Tenant shall countersign and return to Landlord the Landlord's certificate to Tenant by Landlord, Tenant shall countersign and return to Landlord an "Acceptance and Statement of Premises, Area and Term" which will be signed and sent by Landlord to Tenant. Tenant's countersignature of such a letter shall be conclusive evidence of Tenant's agreement with respect to the Commencement Date and termination date of this Lease and Tenant's acceptance of the Premises in its "as is" condition, Tenant thereby agreeing that Landlord has fulfilled its obligations pursuant to the work letter agreement of this Lease. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises are at the date of possession in satisfactory condition. Landlord shall not be responsible for any latent defects or deficiencies in the construction of the Premises or any Improvements or fixtures therein.

9.3 Conditions and Limitations. Landlord may impose as a condition or conditions to granting any consent required by Section 9.1, such requirements, restrictions and limitations as Landlord may deem necessary in Landlord's sole discretion, including without limitation, the manner in which the work is done, the contractors by whom it is performed, and the time during which the work is accomplished.

9.4 Tenant's Access during Construction Period. Tenant shall be given reasonable rights of access to the Premises during the period of construction and prior to the Commencement Date in order to inspect the construction progress and to install and test telephone and data communication lines for use in Tenant's tenancy of the Premises.

ARTICLE X: TENANT'S INSURANCE

10.1 Tenant's Insurance Coverage. Tenant shall, at all times during the term of this Lease, and at Tenant's own cost and expense, procure and continue in force the following insurance coverage:

(a) Comprehensive liability insurance with limits of not less than one million dollars (\$1,000,000), insuring against any and all liability of the insured with respect to the Premises or arising out of the use or occupancy thereof, and property damage liability insurance with a limit of not less than one million dollars (\$1,000,000) per accident or occurrence.

(b) Insurance covering all of Tenant's leasehold Improvements and personal property in or upon the Premises in an amount not less than one hundred percent (100%) of full replacement cost, providing protection against any peril generally included within the classification "Fire and Extended Coverage", together with insurance against sprinkler damage, vandalism and malicious mischief and a standard inflation guard endorsement. Tenant hereby assigns Landlord any and all proceeds payable with respect to such policies except to the extent such proceeds are payable with respect to any property that would remain the property of Tenant upon the termination of this Lease; provided, however, that to the extent required pursuant to the provisions of Article XIV, such proceeds shall be applied to the repair and restoration of the Premises.

10.2 Insurance Policies. The minimum limits of insurance policies as set forth in Section 10.1 shall in no event limit the liability of Tenant hereunder. The insurance policies shall name Landlord as an additional insured and shall be with companies having a rate of not less than an "A" company rating. Landlord understands that Tenant is a Public Mutual Insurance Company and as such Tenant may directly provide the insurance, or a portion thereof, required under this Article. Tenant shall furnish from the insurance companies or cause the insurance companies to furnish to Landlord certificate of coverage. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days prior written notice to Landlord by the insurer. All such policies shall be written as primary policies, not contributing with and not in excess of any coverage which Landlord may carry. Tenant shall at least twenty (20) days prior to the expiration of such policies furnish Landlord with renewals or binders. If Tenant does not procure and maintain such insurance, Landlord may, but is not obligated to, procure such insurance on Tenant's behalf and all sums paid by Landlord shall bear interest at the rate of fifteen percent (15%) and shall be immediately due and payable. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by Tenant provided such blanket policies expressly afford coverage to the Premises and to Landlord as required by this Lease.

10.3 Waiver of Subrogation. To the extent permitted under the insurance policies obtained by Landlord, if any, and Tenant, Landlord and Tenant each hereby waive any and all right of recovery against the other or against the officers, employees, agents and representatives of the other, on account of loss or damage occasioned to such waiving party or its property or the property of others under its control to the extent that such loss or damage is insured against under

any fire and extended coverage insurance policy which either may have in force at the time of such loss or damage.

ARTICLE XI: USE OF PREMISES

11.1 Use. The Premises shall be occupied by Tenant solely for the purpose of office and general business use, and for no other purpose without the prior written consent of Landlord which consent may be withheld by Landlord in Landlord's sole discretion.

11.2 Suitability. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises or with respect to the suitability of the Premises for the conduct of Tenant's business.

11.3 Prohibited Uses.

(a) Tenant shall not do or permit anything to be done in or about the Premises, nor bring or keep anything therein which will cause a cancellation of any insurance policy covering the Premises, nor shall Tenant sell or permit to be kept, used or sold in or about the Premises any articles which may be prohibited by a standard form policy of fire insurance unless Tenant provides additional insurance coverage extending protection to cover all risks associated with these articles.

(b) Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation or requirement of duly constituted public authorities now in force or which may hereafter be enacted, promulgated or created. Tenant shall, at Tenant's sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar body now or hereafter constituted relating to or affecting the use or occupancy of the Premises.

11.4 Limited Use of Elevator. It is the understanding of the Parties that Tenant shall generally use the outside "Garden Level" entrances to the Premises. Accordingly, Tenant has agreed to limit use of the elevator, as much as is possible, to Tenant's patrons or guests who are physically challenged.

11.5 Parking. Tenant shall have nonexclusive access and use of the existing parking spaces surrounding the office building which shall be shared by and between Landlord and Tenant. Landlord shall construct at least twenty (20) parking spaces additional to those currently existing.

ARTICLE XII: HAZARDOUS SUBSTANCES

12.1 Environmental Compliance. Tenant (a) shall at all times comply with, or cause to be complied with, any "Environmental Law" (hereinafter defined) governing the Premises or the use thereof by Tenant or any of Tenant's employees, agents, contractors, invitees, licensees, customers, or clients, (b) shall not use, store, generate, treat, transport, or dispose of, or permit any of Tenant's employees, agents, contractors, invitees, licensees, customers, or clients to use,

store, generate, treat, transport, or dispose of, any "Hazardous Substance" (hereinafter defined) on the Premises without first obtaining Lessor's written approval, (c) shall promptly and completely respond to and cleanup any release or presence of any Hazardous Substances upon the Premises in accordance with applicable laws and regulations and (d) shall pay all costs incurred as a result of the environmental state, condition and quality of the Premises, including, but not limited to, the costs of any Environmental Cleanup Work (hereinafter defined) and the preparation of any closure or other required plans (all of the foregoing obligations of Tenant under this Section 12.1" are hereinafter collectively "Tenant's Environmental Obligations"). Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, actions, damages, penalties, fines, liabilities and expenses, including reasonable attorneys' fees, which are directly or indirectly, in whole or in part, caused by or arise out of Tenant's Environmental Obligations. Tenant shall promptly deliver to Lessor true and complete copies of any and all notices or correspondence or request from any governmental authority or third parties relating to the presence, release, use, storage, treatment, transportation, or disposal of Hazardous Substances, which notices, correspondence, or requests relate, in any way, to the Premises. Tenant shall permit Landlord and Landlord's agents to enter into and upon the Premises, without notice, at all reasonable times for the purpose of inspecting the Premises and verifying Tenant's compliance with these covenants. The provisions of this Article XII shall survive the expiration or other termination of this Lease.

12.2 Definitions. As used in this Lease (a) "Hazardous Substance" shall mean (1) any "hazardous waste", "hazardous substance", and any other hazardous, radioactive, reactive, flammable, infectious, solid wastes, toxic or dangerous substances or materials, or related materials, as defined in, regulated by, or which form the basis of liability now or hereafter under any Environmental Law; (2) asbestos, (3) polychlorinated biphenyls (PCBs); (4) petroleum products or materials; (5) underground storage tanks, whether empty or filled or partially filled with any substance; (6) flammable explosives, (7) any substance the presence of which on the Premises is or becomes prohibited by Environmental Law; (8) urea formaldehyde foam insulation; and (9) any substance which under Environmental Law requires special handling or notification in its use, collection, storage, treatment or disposal; (b) "Environmental Cleanup Work" shall mean an obligation to perform work, cleanup, removal, repair, remediation, construction, alteration, demolition, renovation or installation in or in connection with the Premises in order to comply with any Environmental Law; and (c) "Environmental Law" shall mean any federal, state or local law, regulation, ordinance or order, whether currently existing or hereafter enacted, concerning the environmental state, condition or quality of the Premises or use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials, and including, but not limited to, the following: (1) the Solid Waste Disposal Act as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.), as amended, and all regulations promulgated thereunder; (2) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601, et seq.), as amended, and all regulations promulgated thereunder; (3) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), as amended, and all regulations promulgated thereunder; (4) the Toxic Substances Control Act (15 U.S.C. Section 2601, et seq.), as amended, and all regulations promulgated thereunder; (5) the Clean Air Act (42 U.S.C. Section 7401, et seq.), as amended, and all regulations promulgated thereunder; (6) the Federal Water Pollution Control Act (33 U.S.C. Section 1251, et seq.), as amended, and all regulations

promulgated thereunder; and (7) the Occupational Safety and Health Act (29 U.S.C. Section 651, et seq.), as amended, and all regulations promulgated thereunder.

ARTICLE XIII: ALTERATIONS AND SIGNAGE

13.1 Alterations. Tenant shall not make any physical alteration in the Premises or to the fixtures located therein or install or cause to be installed any trade fixtures, floor coverings, interior or exterior lighting, plumbing fixtures, shades or awnings or make any changes to the exterior of the Premises without first obtaining the written consent of Landlord.

13.2 Signage. Landlord shall provide Tenant, if desired by Tenant, space for a trade sign on the monument located near 110th street at the Jordan Gateway entrance. No other trade signs are permitted except by prior written consent from Landlord.

ARTICLE XIV: DAMAGE OR DESTRUCTION

14.1 Tenant to Repair Improvements. If during the term of this Lease any of the Tenant's Improvements are damaged or destroyed by fire or other casualty, Tenant shall repair or restore the Improvements. The work of repair or restoration, which shall be completed with due diligence, shall be commenced within a reasonable time after the damage or loss occurs.

14.2 Damage at End of Lease. At the end of the Lease, Landlord shall, after an inspection of the vacated Premises, return such portion of the Security Deposit as is not required to be applied to the repair costs for damages to the Premises during Tenant's possession thereof.

ARTICLE XV: CONDEMNATION

If all or any part of the Premises is taken or appropriated for public or quasi-public use by right of eminent domain with or without litigation or transferred by agreement in connection with such public or quasi-public use, Landlord and Tenant shall each have the right within thirty (30) days of receipt of notice of taking, to terminate this Lease as of the date possession is taken by the condemning authority; provided, however, that before Tenant may terminate this Lease by reason of taking or appropriation, such taking or appropriation shall be of such an extent and nature as to substantially handicap, impede or impair Tenant's use of the Premises. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Landlord any award which may be made in such taking or condemnation, together with any and all rights of Tenant now or hereafter arising in or to the award or any portion thereof; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property and fixtures belonging to Tenant, for the interruption of or damage to Tenant's business and for Tenant's unamortized cost of leasehold Improvements. In the event of a partial taking which does not result in a termination of this Lease, rent shall be abated in the proportion which the part of the Premises so made unusable bears to the rented area of the Premises immediately prior to the taking. No temporary taking of the Premises or Tenant's right therein or under this Lease shall terminate this Lease or give Tenant any right to any abatement of rent thereunder; and any award made to Tenant by reason of any such temporary taking shall belong entirely to Tenant, and Landlord shall not be entitled to any portion thereof.

ARTICLE XVI: ASSIGNMENT AND SUBLETTING

Tenant shall not assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, either voluntarily or involuntarily by operation of law or otherwise, and Tenant shall not sublet the Premises or any part thereof, without the prior written consent of Landlord and any attempt to do so without such consent being first had and obtained shall be void and shall constitute a breach of this Lease.

ARTICLE XVII: SUBORDINATION, ATTORNMENT AND ESTOPPEL CERTIFICATES

17.1 Subordination. This Lease at Landlord's option shall be subject and subordinate to the lien of any mortgages or deeds of trust in any amount or amounts whatsoever now or hereafter placed on or against the Land, the Improvements or on or against Landlord's interest or estate therein, without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination.

17.2 Subordination Agreements. Tenant shall execute and deliver upon demand without charge therefore, such further instruments evidencing such subordination of this Lease to the lien of any such mortgages or deeds of trust as may be required by Landlord.

17.3 Attornment. In the event of any foreclosure or the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises or the Improvements, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease, provided said purchaser expressly agrees in writing to be bound by the terms of this Lease.

17.4 Estoppel Certificates. Tenant shall, from time to time and within ten (10) days from receipt of prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect and the date to which the rent and other charges are paid in advance, if any, (b) certifying that the Lease and any modifications of this Lease constitute the entire agreement between Landlord and Tenant with respect to the Premises and, except as set forth in this Lease and any modification of this Lease, Tenant does not claim any right, title, or interest in or to the Premises or any part thereof, (c) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any are claimed, and (d) certifying such other matters with respect to the Lease and/or the Premises as Landlord may reasonably request.

17.5 Failure to Deliver Certificate. If Tenant fails to deliver such statement within the time period referred to in Section 17.4 above, Tenant shall be deemed conclusive upon Tenant that the (a) this Lease is unmodified and in full force and effect, (b) this Lease constitutes the entire agreement between Landlord and Tenant with respect to the Premises and, except as set forth in this Lease, Tenant does not claim any right, title, or interest in or to the Premises, or any part thereof, (c) there are no uncured defaults in Landlord's performance of Landlord's

obligations under this Lease, and (d) not more than one month's Monthly Rent has been paid in advance.

17.6 Transfer of Landlord's Interest. In the event of a sale or conveyance by Landlord of Landlord's interest in the Premises other than a transfer for security purposes only, Landlord shall be relieved from and after the date specified in any such notice of transfer of all obligations and liabilities to Tenant which accrue after such sale or conveyance on the part of Landlord, provided that any funds in the possession of Landlord at the time of transfer in which Tenant has an interest shall be delivered to the successor Landlord. This Lease shall not be affected by any such sale or transfer and Tenant shall attorn to the purchaser or other transferee provided that all of Landlord's obligations accruing hereunder from and after such sale or transfer are assumed in writing by such purchaser or transferee.

ARTICLE XVIII: DEFAULT AND REMEDIES

18.1 Default. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

- (a) Any failure by Tenant to pay the Monthly Rent, or any other monetary sums required to be paid under this Lease, where such failure continues for five (5) days after written notice thereof by Landlord to Tenant;
- (b) The abandonment or vacation of the Premises by Tenant;
- (c) A failure by Tenant to observe and perform any other term, covenant or condition of this Lease to be observed or performed, by Tenant, where such failure continues for twenty (20) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of the default is such that the default cannot reasonably be cured within the twenty (20) day period, Tenant shall not be deemed to be in default if Tenant shall within the twenty (20) day period commence action to cure the default and thereafter diligently prosecute the same to completion;
- (d) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

18.2 Nonexclusive Remedies. In the event of any such material default or breach by Tenant, Landlord shall have, in addition to any other remedies provided in this Lease, the following nonexclusive remedies:

(a) At Landlord's option and without waiving any default by Tenant, Landlord shall have the right to continue this Lease in full force and effect and to collect all monthly Rent, and any other amounts to be paid by Tenant under this Lease as and when due. During any period that Tenant is in default, Landlord shall have the right, pursuant to legal proceedings or pursuant to any notice provided for by law, to enter and take possession of the Premises, without terminating this Lease, for the purpose of reletting the Premises or any part thereof and making any alterations and repairs that may be necessary or desirable in connection with such reletting. Any such reletting or relettings may be for such term or terms (including periods that exceed the balance of the term of this Lease), and upon such other terms, covenants and conditions as Landlord may in Landlord's sole discretion deem advisable. Upon each and any such reletting, the rent or rents received by Landlord from such reletting shall be applied as follows: (1) to the payment of any indebtedness (other than rent) due hereunder from Tenant to Landlord; (2) to the payment of costs and expenses of such reletting, including brokerage fees, attorney's fees, court costs, and costs of any alterations or repairs; (3) to the payment of any monthly Rent and any other amounts due and unpaid hereunder; and (4) the residue, if any, shall be held by Landlord and applied in payment of future monthly Rent and any other amounts as they become due and payable hereunder. If the rent or rents received during any month and applied as provided above shall be insufficient to cover all such amounts including the monthly Rent and any other amounts to be paid by Tenant pursuant to this Lease for such month, Tenant shall pay to Landlord any deficiency; such deficiencies shall be calculated and paid monthly. No entry or taking possession of the Premises by Landlord shall be construed as an election by Landlord to terminate this Lease, unless Landlord gives written notice of such election to Tenant or unless such termination shall be decreed by a court of competent jurisdiction. Notwithstanding any reletting by Landlord without termination, Landlord may at any time thereafter terminate this Lease for such previous default by giving written notice thereof to Tenant.

(b) Terminate Tenant's right to possession by notice to Tenant, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including without limitation the following: (1) all unpaid rent which has been earned at the time of such termination plus (2) the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that is proved could have been reasonably avoided; plus (3) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, or in addition to or in lieu of the foregoing such damages as may be permitted from time to time under applicable State law. Upon any such re-entry Landlord shall have the right to make any reasonable repairs, alterations or modifications to the Premises, which Landlord in Landlord's sole discretion deems reasonable and necessary.

ARTICLE XIX: ENTRY BY LANDLORD

Landlord and Landlord's designated representatives and agents shall, during the term of this Lease, have the right to enter the Premises to inspect the same.

ARTICLE XX: INDEMNITY

Tenant shall indemnify and hold Landlord harmless from any and all claims of liability for any injury or damage to any person or property whatsoever occurring in, on or about the Premises or any part thereof during the term of this Lease. Tenant shall further indemnify and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of Tenant, or any of Tenant's agents, contractors, employees, licensees or invitees and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. Tenant shall not, however, be liable for damage or injury occasioned by the negligence or intentional acts of Landlord and Landlord's designated agents or employees. Tenant's obligations under this Article XXI shall survive the expiration or other termination of this Lease.

ARTICLE XXI: SURRENDER

21.1 Surrender. Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Premises, together with the Improvements and all other property affixed to the Premises, excluding Tenant's fixtures, in good order and condition, ordinary wear and tear excepted. Tenant shall, prior to the expiration or other termination of this Lease remove all personal property belonging to Tenant and failing to do so, Landlord may cause all of said personal property to be removed at the cost and expense of Tenant. Tenant's obligation to observe and perform this covenant shall survive the expiration or other termination of this Lease. In the alternative, Landlord may, at Landlord's option, treat any and all items not removed by Tenant on or before the date of expiration or of the termination of this Lease as having been relinquished by Tenant and such items shall become the property of Landlord with the same force and effect as if Tenant had never owned or otherwise had any interest in such items.

21.2 Hazardous Substances. No spill, deposit, emission, leakage or other release of Hazardous Substance in the soils, groundwaters or waters shall be deemed to result in either (a) wear and tear that would be normal for the term of the Lease; or (b) a casualty to the Premises. Tenant shall be responsible to promptly and completely cleanup any such release as shall occur on the Premises during the term of the Lease and shall surrender the Premises free of any contamination or other damage caused by such occurrence during the term of the Lease. Tenant's obligation to cleanup the Premises pursuant to the provisions of this Article XXII shall survive the expiration or other termination of this Lease.

ARTICLE XXII: MISCELLANEOUS

22.1 Transfer of Landlord's Interest. In the event of a sale or conveyance by Landlord of Landlord's interest in the Premises other than a transfer for security purposes only, Landlord shall be relieved from and after the date specified in any such notice of transfer of all obligations

and liabilities accruing after such sale or conveyance on the part of Landlord, provided that any funds in the possession of Landlord at the time of transfer in which Tenant has an interest, shall be delivered to the successor of Landlord. This Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee provided all Landlord's obligations hereunder are assumed in writing by the transferee.

22.2 Captions, Attachments and Defined Terms.

(a) The captions of the Articles and Sections of this Lease are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any Section of this Lease.

(b) The words "Landlord" and "Tenant", as used herein, shall include the plural as well as the singular. Words used in neuter gender include the masculine and feminine and words in the masculine or feminine gender include the neuter. If there be more than one Landlord or Tenant, the obligations hereunder imposed upon Landlord or Tenant shall be joint and several.

22.3 Entire Agreement. This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Landlord and Tenant relative to the Premises and this Lease and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant. All prior or contemporaneous oral agreements between and among Landlord and Tenant and their agents or representatives relative to the leasing of the Premises are merged in or revoked by this Lease.

22.4 Severability. If any term or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

22.5 Costs of Suit.

(a) If Tenant or Landlord shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of rent or possession of the Premises, the losing party shall pay the successful party a reasonable sum for attorney's fees whether or not such action is prosecuted to judgment.

(b) Should Landlord, without fault on Landlord's part, be made a party to any litigation instituted against Tenant, or by or against any person holding under or using the Premises by license of Tenant, or for the foreclosure of any lien for labor or material furnished to or for Tenant or any such other person or otherwise arising out of or resulting from any act or transaction of Tenant or of any such other person, Tenant shall save and hold Landlord harmless from any judgment rendered against Landlord, the Premises or any part thereof, and all costs and expenses, including reasonable attorney's fees, incurred by Landlord in or in connection with such litigation.

22.6 Time and Remedies. Time is of the essence of this Lease and every provision hereof. All rights and remedies of the parties shall be cumulative and nonexclusive of any other remedy at law or in equity.

22.7 Binding Effect, Successors and Choice of Law. All time provisions of this Lease are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate Section of this Lease. Subject to any provisions restricting assignment or subletting by Tenant as set forth in Article XVI, all of the terms hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Lease shall be governed by the laws of the State of Utah.

22.8 Waiver. No term, covenant or condition of this Lease shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver of the breach of any term, covenant or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant or condition. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any term, covenant or condition unless otherwise expressly agreed to by Landlord in writing.

22.9 Holding Over. If Tenant remains in possession of all or any part of the Premises after the expiration of the term of this Lease, with or without the express or implied consent of Landlord, such tenancy shall be from month to month only, and not a renewal hereof or an extension for any further term, and in such case, rent and other sums due hereunder shall be payable in an amount equal to 150% of the amount last specified in this Lease and such month to month tenancy shall be subject to every other term, covenant and condition contained in this Lease.

22.10 Recording. No copy of this Lease will not be recorded on behalf of either party, but in lieu thereof, Landlord and Tenant agree that each will, upon the request of the other, execute, in recordable form, a "short form" of the Lease, which "short form" shall contain a description of the Premises, the term of the Lease, the parties to the Lease. The "short form" of the Lease shall not modify the terms of the Lease or be used in interpreting the Lease and in the event of any inconsistency between this Lease and the "short form" of the Lease, the terms and conditions of this Lease shall control.

22.11 Reasonable Consent. Except as limited elsewhere in this Lease, wherever in this Lease Landlord or Tenant is required to give consent or approval to any action on the part of the other, such consent or approval shall not be unreasonably withheld. In the event of failure to give any such consent, the other party shall be entitled to specific performance at law and shall have such other remedies as are reserved to such party under this Lease, but in no event shall Landlord or Tenant be responsible in damages for failure to give consent unless consent is withheld maliciously or in bad faith.

22.12 Notice. Any notice required to be given under this Lease shall be given in writing and shall be delivered in person or by registered or certified mail, postage prepaid, and addressed to the following:

If to Landlord:

Western AgCredit, FLCA
10980 South, Jordan Gateway
South Jordan, UT 84095
Attention: Richard Weathered

If to Tenant (prior to Commencement Date):

Utah Counties Insurance Pool
PO Box 760
Midvale, UT 84047
Attention: Johnnie Miller

If to Tenant (after Commencement Date):

Utah Counties Insurance Pool
10980 South, Jordan Gateway
South Jordan, Utah 84095
Attention: Johnnie Miller

Such notice shall be deemed delivered when personally delivered or upon deposit of the notice in the United States mail in the manner provided above.

22.13 No Partnership. Landlord does not, as a result of entering into this Lease, in any way or for any purpose become a partner of Tenant in the conduct of Tenant's business, or otherwise, or joint venturer or a member of a joint enterprise with Tenant.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

LANDLORD:

WESTERN AGCREDIT, FLCA

By: Richard Weathered

Its: President

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

On the ____ day of _____, 2008, personally appeared before me Richard Weathered, the signer of the above instrument, who duly acknowledged to me that he is the President of Western AgCredit, ACA, and executed the same on behalf of Western AgCredit, ACA.

NOTARY PUBLIC

TENANT:

UTAH COUNTIES INSURANCE POOL

By: Johnnie R. Miller

Its: Chief Executive Officer

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

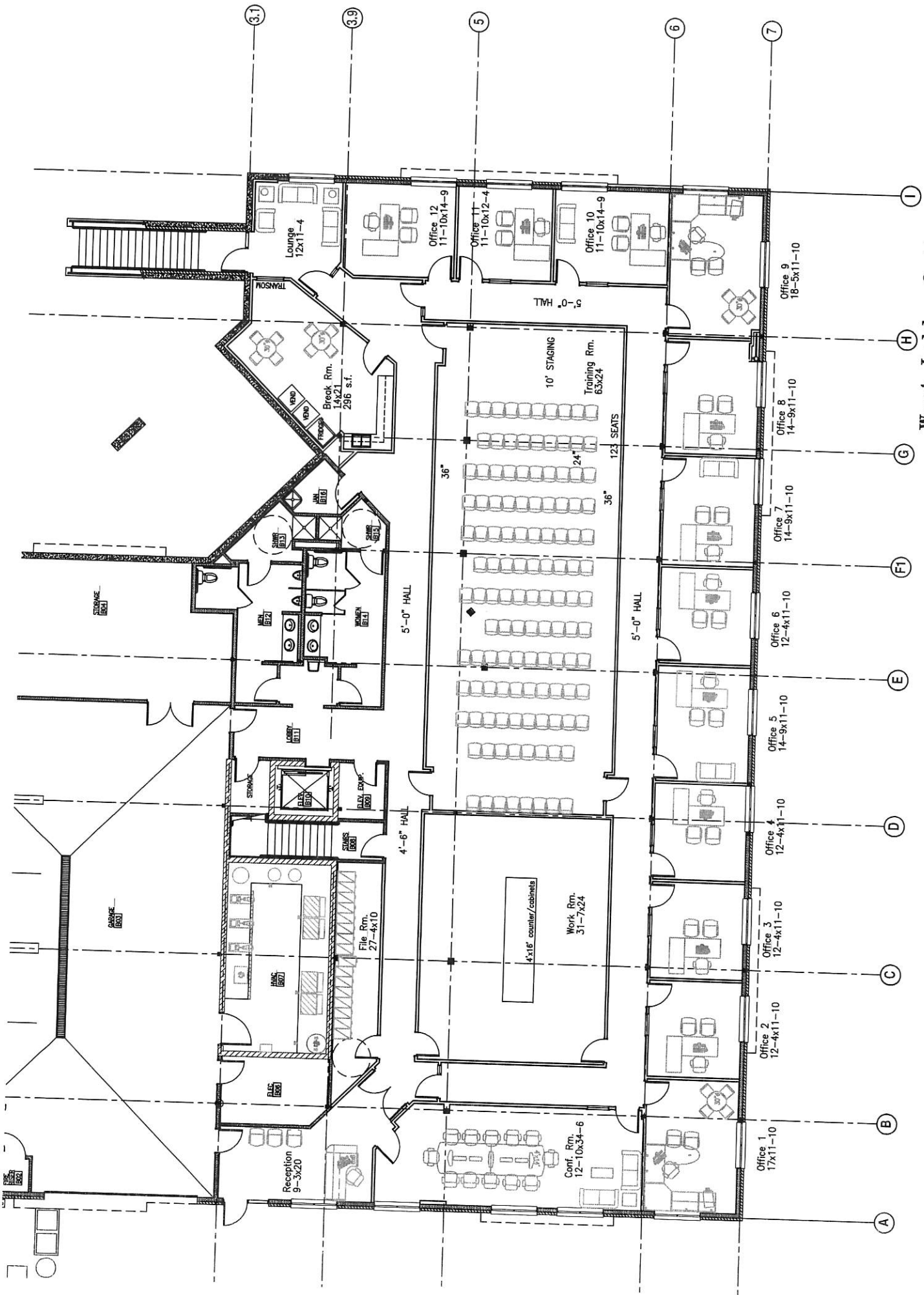
On the ____ day of _____, 2008, personally appeared before me Johnnie R. Miller, the signer of the above instrument, who duly acknowledged to me that he is the Chief Executive Officer of UTAH COUNTIES INSURANCE POOL, and executed the same on its behalf.

NOTARY PUBLIC

EXHIBIT "A"

DEPICTION OF PROPERTY

DRAFT



West Lobby Option Garden Level Floor Plan

1

DATE: 08-22-08
Ax.x

SCALE: 1/16" = 1'-0"

Utah Counties Insurance Pool Payments

December 1, 2007 - January 24, 2008

| Type | Date | Num | Name | Memo | Split | Amount |
|-----------------|-----------|--------|---------------------------------|---|-------------------------|------------|
| WF-Expense | | | | | | |
| Paycheck | 8/15/2008 | | Anne M. Ayrton | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/15/2008 | | Johnnie R. Miller | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/15/2008 | | Kathy H. Stone | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/15/2008 | | Korby M. Siggard | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/15/2008 | | Lisa O. Brown | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/15/2008 | | Mark W. Brady | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/15/2008 | | Shaney M. Kelleher | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/15/2008 | | Sonya J. White | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/15/2008 | | Susan E. Gonce | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/14/2008 | | QuickBooks Payroll Service | Created by Payroll Service on 08/08/2008 | -SPLIT- | -16,286.34 |
| Liability Check | 8/29/2008 | | Anne M. Ayrton | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/29/2008 | | Johnnie R. Miller | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/29/2008 | | Kathy H. Stone | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/29/2008 | | Korby M. Siggard | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/29/2008 | | Lisa O. Brown | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/29/2008 | | Mark W. Brady | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/29/2008 | | Shaney M. Kelleher | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/29/2008 | | Sonya J. White | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/29/2008 | | Susan E. Gonce | Direct Deposit | -SPLIT- | 0.00 |
| Paycheck | 8/28/2008 | | QuickBooks Payroll Service | Created by Payroll Service on 08/22/2008 | -SPLIT- | -15,979.37 |
| Liability Check | 8/15/2008 | ONLINE | United States Treasury | EFT ACKNOWLEDGEMENT NUMBER: 270862800109... | -SPLIT- | -6,452.86 |
| Liability Check | 8/29/2008 | ONLINE | Utah Retirement Systems | Unit No: 864 (AUG 2008) | -SPLIT- | -9,971.30 |
| Liability Check | 8/29/2008 | ONLINE | United States Treasury | EFT ACKNOWLEDGEMENT NUMBER: 270864200306... | -SPLIT- | -6,331.16 |
| Liability Check | 8/29/2008 | ONLINE | Nationwide Retirement Solutions | Entity: 644013 | -SPLIT- | -2,916.24 |
| Liability Check | 8/29/2008 | ONLINE | Utah State Tax Commission | Transaction Number: WT08K8N36286 | -SPLIT- | -2,028.62 |
| Check | 8/26/2008 | VISA | Wells Fargo | Account Number: 4856 2002 0858 1036 | Staff Expenses EB | -14.82 |
| Check | 8/26/2008 | VISA | Wells Fargo | Account Number: 4856 2002 0869 3567 | -SPLIT- | -343.37 |
| Check | 8/26/2008 | VISA | Wells Fargo | Account Number: 4856 2002 0646 9796 | -SPLIT- | -952.30 |
| Check | 8/26/2008 | VISA | Wells Fargo | Account Number: 4856 2002 0633 9635 | -SPLIT- | -510.44 |
| Check | 8/21/2008 | 4724 | Kathy H. Stone | VOID: Expense Reimbursement | -SPLIT- | 0.00 |
| Check | 8/21/2008 | 4725 | Susan E. Gonce | Expense Reimbursement | Staff Expenses WC | -60.00 |
| Check | 8/22/2008 | 4726 | Office Depot | Account Number: 35538769 | -SPLIT- | -129.07 |
| Check | 8/22/2008 | 4727 | Garden House of Cedar City | Invoice Number: 1929 | -SPLIT- | -2,351.76 |
| Check | 8/22/2008 | 4728 | Mikel Birch | Expense Reimbursement | -SPLIT- | -15.00 |
| Check | 8/22/2008 | 4729 | Purchase Power | Customer ID: 19821793866 | -SPLIT- | -213.98 |
| Check | 8/22/2008 | 4730 | Chartwells | Invoice Number: 1982100225 | -SPLIT- | -1,854.50 |
| Check | 8/22/2008 | 4731 | Positive Incentives | Invoice Number: 86272 | -SPLIT- | -1,531.41 |
| Check | 8/22/2008 | 4732 | Festival Hall | Facility Rental, August 12-14 | -SPLIT- | -821.76 |
| Check | 8/22/2008 | 4733 | Christensen & Jensen | Invoice Number: 55944 | 1099-Nonemployee Com... | -108.56 |
| Check | 8/22/2008 | 4734 | Bruce Adams | Mileage Reimbursement | -SPLIT- | -409.50 |
| Check | 8/22/2008 | 4735 | Kay Blackwell | Expense Reimbursement | -SPLIT- | -117.00 |
| Check | 8/22/2008 | 4736 | Ken Bischoff | Expense Reimbursement | -SPLIT- | -270.40 |
| Check | 8/22/2008 | 4737 | Brad Dee | Expense Reimbursement | -SPLIT- | -271.91 |
| Check | 8/22/2008 | 4738 | Steve White | Expense Reimbursement | -SPLIT- | -238.68 |
| Check | 8/22/2008 | 4739 | James Eardley | Mileage Reimbursement | -SPLIT- | -64.35 |
| Check | 8/22/2008 | 4740 | Lynn Lemon | Mileage Reimbursement | -SPLIT- | -393.12 |
| Check | 8/22/2008 | 4741 | Kent Sundberg | Mileage Reimbursement | -SPLIT- | -269.10 |
| Check | 8/22/2008 | 4742 | Steven Wall | Mileage Reimbursement | -SPLIT- | -143.97 |
| Check | 8/22/2008 | 4743 | Gerald Hess | Mileage Reimbursement | -SPLIT- | -321.75 |
| Check | 8/22/2008 | 4744 | Salt Lake County Parks | Union Park September 5 Rental | -SPLIT- | -12.00 |
| Check | 9/5/2008 | 4745 | Silver Sage | Sandy Property Taxes Reimbursement | -SPLIT- | -406.07 |
| Check | 9/10/2008 | 4746 | Mike Seely | CRM Registration Reimbursement | Building ML | -50.00 |

Utah Counties Insurance Pool Payments

December 1, 2007 - January 24, 2008

| Type | Date | Num | Name | Memo | Split | Amount |
|-------|-----------|------|------------------------------|--|----------------------------|------------|
| check | 9/10/2008 | 4747 | Abbey Inn | Account Number: 346 | -SPLIT- | -225.00 |
| check | 9/10/2008 | 4748 | Qwest | Account Number: 801-565-8500 170B | -SPLIT- | -465.81 |
| check | 9/10/2008 | 4749 | Vertzon Wireless | Invoice Number: 0687391863 | -SPLIT- | -307.08 |
| check | 9/10/2008 | 4750 | Shaney M. Kelleher | Mileage Reimbursement | -SPLIT- | -26.33 |
| check | 9/10/2008 | 4751 | Utah Safety Council | Invoice Number: 07325 | -SPLIT- | -285.00 |
| check | 9/10/2008 | 4752 | FCP Holdings, LLC | Commercial Lease: 6900 South 900 East, Suite 230 | -SPLIT- | -5,894.43 |
| check | 9/10/2008 | 4753 | URMMA | Invoice Number: 2009-000039 | -SPLIT- | -1,419.70 |
| check | 9/10/2008 | 4754 | Utah PRIMMA | Conference Registration, Sonya White | -SPLIT- | -50.00 |
| check | 9/10/2008 | 4755 | Les Olson Company | Invoice Number: 0985433-IN | -SPLIT- | -498.70 |
| check | 9/10/2008 | 4756 | Stiba & Associates | Korby Stiggard Airfare to DC | -SPLIT- | -572.00 |
| check | 9/10/2008 | 4757 | Kent Sundberg | Expense Reimbursement | -SPLIT- | -463.50 |
| check | 9/10/2008 | 4758 | Office Depot | Account Number: 35538769 | -SPLIT- | -75.10 |
| check | 9/10/2008 | 4759 | Positive Incentives | Invoice Number: 86278 | -SPLIT- | -767.67 |
| check | 9/10/2008 | 4760 | FedEx Kinko's | Employee Benefits - September | -SPLIT- | -282.70 |
| check | 9/10/2008 | 4761 | Utah Counties Insurance Pool | Invoice Number: 0682978890 | -SPLIT- | -12,199.68 |
| check | 9/10/2008 | 4762 | Vertzon Wireless | Mileage Reimbursement | -SPLIT- | -65.61 |
| check | 9/10/2008 | 4763 | Susan E. Gonce | Customer ID: 19821793866 | -SPLIT- | -27.67 |
| check | 9/10/2008 | 4764 | Purchase Power | Coverage Period: August 2008 | -SPLIT- | -236.99 |
| check | 9/10/2008 | 4765 | PEHP-LTD | Sponsorship/Exhibiting USACCC | -SPLIT- | -270.87 |
| check | 9/10/2008 | 4766 | Utah Association of Counties | | -SPLIT- | -637.50 |
| check | 8/22/2008 | 208 | FedEx | Invoice Number: 2-852-32819 | Postage WC | -96,611.94 |
| check | 8/22/2008 | 209 | NCCI Holdings, Inc. | Invoice Number: 2532399 | Dues & Subscriptions WC | -17.03 |
| check | 9/10/2008 | 210 | Mountain View Software | Invoice Number: 13616 | Information Technology ... | -152.72 |
| check | | | | | | -264.00 |
| check | | | | | | -433.75 |
| check | | | | | | -97,045.69 |

Lexipol as of 2008

- Operating 10 years
- 650+ agencies
- 42,000+ officers total
- 1-2500 sworn officer sized agencies
- CA, OR, ID, WA, UT, IL
- 3 County agencies already subscribe.
- Endorsed by Chief's and State—State agencies and many cities already using it.

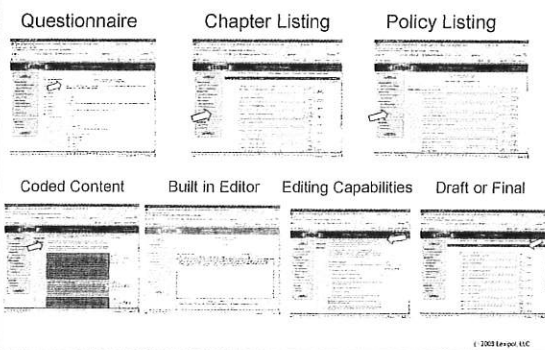
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Policy Development

- Safety: In the Field and Courtroom
- Standardization & Professionalism
- Flexibility of Mission & Customization to Agency
- Interactive Development
- Structured Update

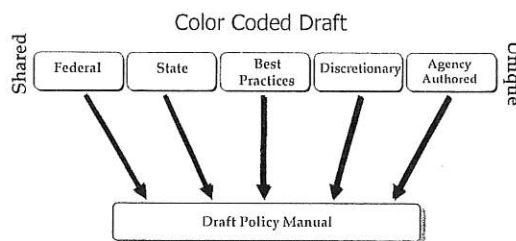
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The Lexipol Policy Development Process

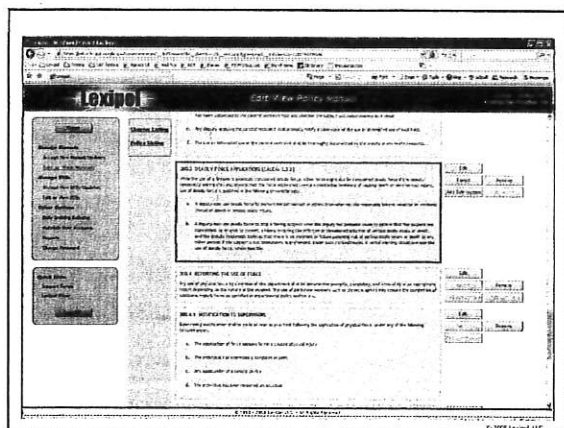


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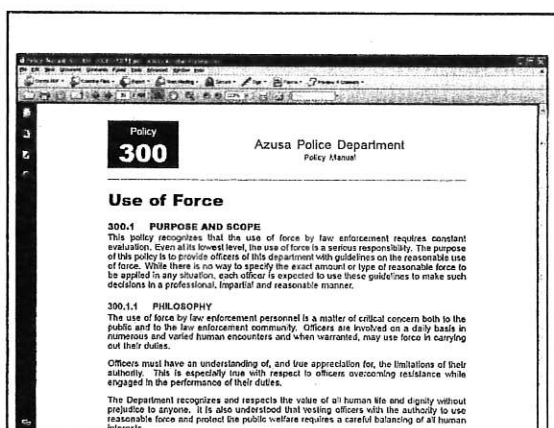
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UCIP - Utah Counties Insurance Pool

LEXIPOL

| Agency | # Sworn Officers | ID Status | Development Fee | Update Fee | DIB Fee |
|----------------------|------------------|-----------|-----------------|------------|----------|
| Beaver County SO | 17 | Client | \$5,950 | \$2,450 | \$2,000 |
| Box Elder County SO | 30 | Client | \$6,950 | \$2,850 | \$2,700 |
| Cache County SO | 110 | Prospect | \$9,950 | \$3,900 | \$9,000 |
| Carbon County SO | 29 | Prospect | \$6,950 | \$2,850 | \$2,700 |
| Daggett County SO | 12 | Prospect | \$5,950 | \$2,450 | \$2,000 |
| Davis County SO | 246 | Prospect | \$13,950 | \$5,200 | \$16,000 |
| Duchesne County SO | 40 | Prospect | \$6,950 | \$2,850 | \$2,700 |
| Emery County SO | 39 | Prospect | \$6,950 | \$2,850 | \$2,700 |
| Garfield County SO | 5 | Prospect | \$4,950 | \$1,950 | \$1,000 |
| Grand County SO | 19 | Prospect | \$5,950 | \$2,450 | \$2,000 |
| Iron County SO | 18 | Client | \$5,950 | \$2,450 | \$2,000 |
| Juab County SO | 12 | Prospect | \$5,950 | \$2,450 | \$2,000 |
| Kane County SO | 14 | Prospect | \$5,950 | \$2,450 | \$2,000 |
| Millard County SO | 30 | Prospect | \$6,950 | \$2,850 | \$2,700 |
| Morgan County SO | 11 | Prospect | \$5,950 | \$2,450 | \$2,000 |
| Piute County SO | 4 | Prospect | \$4,950 | \$1,950 | \$1,000 |
| Rich County SO | 4 | Prospect | \$4,950 | \$1,950 | \$1,000 |
| San Juan County SO | 23 | Prospect | \$5,950 | \$2,450 | \$2,000 |
| Sanpete County SO | 13 | Prospect | \$5,950 | \$2,450 | \$2,000 |
| Sevier County SO | 48 | Prospect | \$6,950 | \$2,850 | \$2,700 |
| Tooele County SO | 30 | Prospect | \$6,950 | \$2,850 | \$2,700 |
| Uintah County SO | 29 | Prospect | \$6,950 | \$2,850 | \$2,700 |
| Utah County SO | 103 | Prospect | \$9,950 | \$3,900 | \$9,000 |
| Wasatch County SO | 13 | Prospect | \$5,950 | \$2,450 | \$2,000 |
| Washington County SO | 130 | Prospect | \$9,950 | \$3,900 | \$9,000 |
| Wayne County SO | 4 | Prospect | \$4,950 | \$1,950 | \$1,000 |
| Weber County SO | 125 | Prospect | \$9,950 | \$3,900 | \$9,000 |
| Pricing as of 9/8/08 | | | \$188,650 | \$75,900 | \$97,600 |

Certificate in Risk Management Program 2008

| 5. Overall impression of the Training: | | | Response Percent | Response Count |
|--|------------------------|--|-------------------|----------------|
| Excellent | <div><div></div></div> | | 44.0% | 11 |
| Very Good | <div><div></div></div> | | 56.0% | 14 |
| Average | <div><div></div></div> | | 0.0% | 0 |
| Poor | <div><div></div></div> | | 0.0% | 0 |
| | | | answered question | 25 |
| | | | skipped question | 1 |

| 10. How would you rate the presenters for Session I - Workers' Compensation, August 12? | | | | | | | |
|---|------------|-----------|-----------|-----------|----------|----------------|----------------|
| | excellent | good | average | fair | poor | Rating Average | Response Count |
| Jeff Merrill | 42.9% (9) | 33.3% (7) | 19.0% (4) | 0.0% (0) | 4.8% (1) | 1.90 | 21 |
| Johnnie Miller | 66.7% (14) | 33.3% (7) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.33 | 21 |
| Susan Gonce | 42.9% (9) | 33.3% (7) | 9.5% (2) | 14.3% (3) | 0.0% (0) | 1.95 | 21 |
| Brett Gardner | 61.9% (13) | 38.1% (8) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.38 | 21 |
| Mikel Birch | 38.9% (7) | 50.0% (9) | 11.1% (2) | 0.0% (0) | 0.0% (0) | 1.72 | 18 |
| Mark Brady | 77.3% (17) | 18.2% (4) | 4.5% (1) | 0.0% (0) | 0.0% (0) | 1.27 | 22 |
| answered question | | | | | | | 22 |
| skipped question | | | | | | | 4 |

| 11. How would you rate the presentation topics and information provided for each topic? | | | | | | | |
|---|-------------------|------------|-----------|-----------|----------|----------------|----------------|
| | excellent | good | average | fair | poor | Rating Average | Response Count |
| Case Briefing | 30.0% (6) | 60.0% (12) | 5.0% (1) | 0.0% (0) | 5.0% (1) | 1.90 | 20 |
| Volunteer Acts | 60.0% (12) | 35.0% (7) | 5.0% (1) | 0.0% (0) | 0.0% (0) | 1.45 | 20 |
| Death Benefits | 30.0% (6) | 45.0% (9) | 15.0% (3) | 10.0% (2) | 0.0% (0) | 2.05 | 20 |
| Litigation Process | 35.0% (7) | 65.0% (13) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.65 | 20 |
| Job Safety Analysis | 60.0% (12) | 35.0% (7) | 5.0% (1) | 0.0% (0) | 0.0% (0) | 1.45 | 20 |
| | answered question | | | | | | 20 |
| | skipped question | | | | | | 0 |

| 14. How would you rate the presenters for Session 2 - Risk Management and the Law, August 13? | | | | | | | | |
|---|------------|------------|-----------|-----------|----------|----------------|----------------|--|
| | excellent | good | average | fair | poor | Rating Average | Response Count | |
| Ed Peterson | 31.6% (6) | 63.2% (12) | 0.0% (0) | 0.0% (0) | 5.3% (1) | 1.84 | 19 | |
| Kristin VanOrman | 50.0% (10) | 40.0% (8) | 10.0% (2) | 0.0% (0) | 0.0% (0) | 1.60 | 20 | |
| Thomas Low | 73.7% (14) | 21.1% (4) | 5.3% (1) | 0.0% (0) | 0.0% (0) | 1.32 | 19 | |
| Brock Belnap | 47.4% (9) | 52.6% (10) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.53 | 19 | |
| Meb Anderson | 36.8% (7) | 47.4% (9) | 15.8% (3) | 0.0% (0) | 0.0% (0) | 1.79 | 19 | |
| Jesse Trentadue | 42.1% (8) | 21.1% (4) | 21.1% (4) | 15.8% (3) | 0.0% (0) | 2.11 | 19 | |
| Mark Brady | 75.0% (15) | 25.0% (5) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.25 | 20 | |
| answered question | | | | | | | 21 | |
| skipped question | | | | | | | 5 | |

15. How would you rate the presentation topics and information provided for each topic?

| | excellent | good | average | fair | poor | Rating Average | Response Count |
|--|------------|------------|-----------|----------|----------|-------------------|-------------------|
| Risk Transfer/Risk Reduction | 40.0% (8) | 55.0% (11) | 0.0% (0) | 0.0% (0) | 5.0% (1) | 1.75 | 20 |
| Strict Compliance Notice of Claim | 50.0% (10) | 45.0% (9) | 5.0% (1) | 0.0% (0) | 0.0% (0) | 1.55 | 20 |
| Pre-Suit Claims Management | 52.6% (10) | 42.1% (8) | 5.3% (1) | 0.0% (0) | 0.0% (0) | 1.53 | 19 |
| Recreational Immunity | 42.1% (8) | 52.6% (10) | 5.3% (1) | 0.0% (0) | 0.0% (0) | 1.63 | 19 |
| Supreme Court Case-Qualified Immunity | 36.8% (7) | 52.6% (10) | 5.3% (1) | 5.3% (1) | 0.0% (0) | 1.79 | 19 |
| County Obligation to Inmates | 21.1% (4) | 52.6% (10) | 15.8% (3) | 5.3% (1) | 5.3% (1) | 2.21 | 19 |
| E-Discovery Response Plan & Model Policy | 55.0% (11) | 45.0% (9) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.45 | 20 |
| answered question | | | | | | | 21 |
| skipped question | | | | | | | 5 |

18. How would you rate the presenters for Session 3 - Risk Management Basics, August 14

| | excellent | good | average | fair | poor | Rating Average | Response Count |
|-------------------|-----------|-----------|-----------|----------|----------|-------------------|-------------------|
| Joe McKea | 37.5% (6) | 43.8% (7) | 18.8% (3) | 0.0% (0) | 0.0% (0) | 1.81 | 16 |
| Bridget Dalpiaz | 23.5% (4) | 52.9% (9) | 23.5% (4) | 0.0% (0) | 0.0% (0) | 2.00 | 17 |
| Johnnie Miller | 50.0% (8) | 50.0% (8) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.50 | 16 |
| Jan Wilson | 50.0% (6) | 50.0% (6) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.50 | 12 |
| Jill Zollinger | 42.9% (6) | 50.0% (7) | 7.1% (1) | 0.0% (0) | 0.0% (0) | 1.64 | 14 |
| Kent Sundberg | 57.1% (8) | 42.9% (6) | 0.0% (0) | 0.0% (0) | 0.0% (0) | 1.43 | 14 |
| Dale Eyre | 50.0% (7) | 28.6% (4) | 21.4% (3) | 0.0% (0) | 0.0% (0) | 1.71 | 14 |
| answered question | | | | | | | 17 |
| skipped question | | | | | | | 9 |

19. How would you rate the presentation topics and information provided for each topic?

[illegible]

INTERIM RESULTS RCI PROPERTY APPRAISAL—2008

| COUNTY | DECLARED VALUE | RCI APPRAISAL |
|---------------|-----------------------|----------------------|
|---------------|-----------------------|----------------------|

CACHE

| | | |
|-----------------------|------------|------------|
| Total building values | 30,263,345 | 42,342,000 |
| Total Contents | 2,375,500 | 4,643,000 |

CARBON

| | | |
|-----------------------|------------|------------|
| Total building values | 52,546,850 | 31,019,700 |
| Total Contents | 9,749,125 | 4,643,000 |

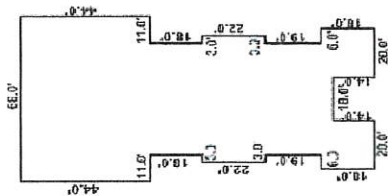
RICH

| | | |
|-----------------------|-----------|-----------|
| Total building values | 2,445,755 | 3,024,000 |
| Total Contents | 120,000 | 661,500 |

WASATCH

| | | |
|-----------------------|------------|------------|
| Total building values | 44,543,508 | 31,903,000 |
| Total Contents | 17,662,590 | 6,307,300 |

Building 001-B001 - Courthouse



Picture of Courthouse, taken 5/29/2008

Occupancy:  Courthouse

Date Built: 1885

Notes: Basement/ Intrusion System

GPS Coordinates: N 41.44.048
W 111.50.112

| | |
|---|-------------|
| Total Replacement Cost New ^r | \$2,800,000 |
| Replacement Cost New Less Depreciation | \$560,000 |
| Contents Replacement Cost | \$555,000 |

Footprint of Courthouse

| | |
|--------------------|---|
| Property Address: | 199 North Main Street Logan, UT 84321 |
| Number Of Stories: | 2 |
| Roof Material: | 103% Single-Ply Membrane |
| Construction Type: | 100% Frame 71% Brick On Frame 29% Concrete Block |
| Total Sq. Ft.: | 19,890 |
| Components: | Heating:100% Forced Warm Air Cooling:100% Forced Cool Air Fire Protection:100% Sprinkler System 100% Manual Fire Alarm 100% Automatic Fire Detection |

RICH COUNTY
SUMMARY INSURANCE REPORT
APPRAISAL DATE: 04/30/2008

| Site Name/Number | Building Name | Class | Stories | Entry Alarm | Sprinkler | Fire Alarm | Sq. Ft. | Replacement Cost New | Replacement Cost New Less Depreciation | Contents Replacement Cost |
|--|---------------------------------|-------|---------|-------------|-----------|------------|---------|----------------------|--|---------------------------|
| COURTHOUSE AND JAIL - 170 | | | | | | | | | | |
| *170-B001 | Courthouse and Jail | 2 | 1 | N | N | Y | 12,760 | \$1,410,000 | \$835,000 | \$310,000 |
| SENIOR CITIZEN CENTER - 171 | | | | | | | | | | |
| *171-B001 | Senior Citizen Center | 2 | 1 | N | N | Y | 5,529 | \$605,000 | \$290,000 | \$61,000 |
| HEALTH BUILDING - 172 | | | | | | | | | | |
| 172-B001 | Health Building | 1 | 1 | N | N | N | 1,348 | \$175,000 | \$35,000 | \$31,000 |
| 4-H BUILDING - 173 | | | | | | | | | | |
| *173-B001 | 4-H Building | 1 | 1 | N | N | N | 3,400 | \$41,000 | \$8,000 | \$3,500 |
| OLD/NEW ROAD SHED & WEED SHED - 174 | | | | | | | | | | |
| *174-B001 | Road Shed | 1,3 | 1 | N | N | N | 6,600 | \$465,000 | \$105,000 | \$175,000 |
| *174-B002 | Old Road Shed | 1 | 1 | N | N | N | 2,271 | \$120,000 | \$24,000 | \$8,000 |
| *174-B003 | Weed Shed | 3 | 1 | N | N | N | 1,200 | \$73,000 | \$15,000 | \$4,000 |
| OLD WEED SHED/EQUIPMENT STORAGE - 175 | | | | | | | | | | |
| *175-B001 | Old Weed Shed/Equipment Storage | 1 | 1 | N | N | N | 3,290 | \$125,000 | \$25,000 | \$69,000 |
| Total | | | | | | | | \$3,024,000 | \$1,337,000 | \$661,500 |



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

MEMORANDUM

To: UCIP Board of Trustees

From: Johnnie Miller, UCIP CEO

Date: September 9, 2008

Re: UCIP Benefits Program

This memorandum serves as an update on the UCIP Employee Benefit Program. The Benefits Program Advisory Committee and staff met with representatives of PEHP on August 21st, 2008 to review updates and changes to PEHP benefits and procedures, financial reports for the Local Governments Reserve Fund, and overall group utilization and performance reports. The Advisory Committee also discussed their desire to have UCIP staff negotiate their 2009 rates with PEHP prior to PEHP notifying the individual members of next year's rates.

PEHP

Staff will meet to review the actuarial rate analysis and negotiate the 2009 rates with PEHP. I have asked that this meeting be held as soon as possible, but to date have been told that PEHP has not yet determined their "trend" for 2009, and so are not prepared to discuss rates as of yet. I have instructed PEHP that I intend to meet and review any rate changes with this prior to their notifying members of rate adjustments.

Guardian Products

I have met with representatives of Guardian Life Insurance Company to discuss offering UCIP members the Guardian products that are currently only offered to Utah public entities through the Local Governments Insurance Trust. The Trust has offered to relinquish its right to allow UCIP to offer these products to our members. From staff review of these products, it appears they will provide our members options for Life, AD&D and Dental coverage that is superior to that offered by PEHP, and at substantial savings. Guardian representatives will be meeting with UCIP staff in our offices on September 29, 2008 to finalize terms of responsibilities and compensation, and to prepare materials on the products for distribution to members.

JRM/jrm

UTAH COUNTIES INSURANCE POOL
2008

| | MULTILINE | | WORKERS' COMP | | EMPLOYEE BENEFITS | |
|----------------------|------------------|---------------|----------------------|---------------|--------------------------|---------------|
| | Estimated | Budget | Estimated | Budget | Estimated | Budget |
| Revenue | | | | | | |
| Written Premium | \$5,151,002 | \$5,151,002 | \$2,519,171 | \$2,519,171 | \$10,205,938 | \$10,055,380 |
| Investment Income | \$654,110 | \$552,000 | \$137,000 | \$137,000 | \$24,000 | \$24,000 |
| Total Revenue | \$5,805,112 | \$5,703,002 | \$2,656,171 | \$2,656,171 | \$10,229,938 | \$10,079,380 |
| Expense | | | | | | |
| Best Practices | \$202,919 | \$202,919 | \$76,790 | \$76,790 | | |
| Losses (current) | \$1,056,815 | \$699,500 | \$384,753 | \$336,500 | | |
| Losses (prior) | \$941,012 | \$1,295,800 | \$977,258 | \$1,284,000 | | |
| Losses Reimbured | (\$608,222) | | | | | |
| Reinsurance | \$1,069,688 | \$895,137 | \$509,398 | \$509,500 | \$10,084,799 | \$10,000,500 |
| Underwriting Expense | \$895,268 | \$876,446 | \$653,158 | \$650,581 | \$179,430 | \$197,500 |
| Total Expenses | \$3,557,480 | \$3,969,802 | \$2,601,357 | \$2,857,371 | \$10,264,229 | \$10,198,000 |
| Gain(Loss) | \$2,247,632 | \$1,733,200 | \$54,814 | (\$201,200) | (\$34,291) | (\$118,620) |

MEETING SCHEDULE
THE UTAH COUNTIES INSURANCE POOL BOARD OF TRUSTEES

REGULAR MEETING DATES FOR 2008

October 16, 10:00 a.m.

Utah County Commission Office, Provo

Agenda

Third Quarter Financials
2009 Premium Contributions
2009 Tentative Budgets

November 13, 6:00 p.m.

Hilton Garden Inn, St. George

Agenda

Nominating Committee
Interlocal Agreement
Bylaws
2009 Coverage Agreement
2009 Best Practices

December 11, 10:00 a.m.

Sevier County Administration Building, Richfield

Agenda

Public Hearing
2008 Budgets
2009 Budgets
Elect Officers
2009 Regular Meetings

OTHER MEETING DATES FOR 2008

October 27-29

AGRIP Governance Conference, New Orleans

December 4, 11:30 a.m.

Membership Meeting, Thanksgiving Point, Lehi

OTHER MEETING DATES FOR 2009

March 9-11

AGRIP Spring Conference, Daytona Beach

May 14-15

Personnel Workshop, St. George

June 3-5

Board Retreat, Zion Park Inn, Springdale

August 11-13

Certificate in Risk Management, Cedar City

October 19-21

AGRIP Governance Conference, Seattle

December 3

Membership Meeting, Thanksgiving Point, Lehi

Workers' Compensation Results By State

| | Workers' Comp Direct Written Premiums (\$000) | | Percent Growth | Workers' Comp Direct Pure Loss Ratio | | (Better/ Worse) |
|--------------------------|--|------------|-------------------|---|-----------|--------------------|
| | 2007 | 2006 | | 2007 | 2006 | |
| California | 6,593,558 | 7,586,120 | -13.1% | 49.3 | 41.1 | 8.2 |
| Florida | 3,116,699 | 3,736,915 | -16.6% | 48.3 | 44.2 | 4.0 |
| Texas | 2,740,473 | 2,813,269 | -2.6% | 51.9 | 50.9 | 1.0 |
| Illinois | 2,706,558 | 2,596,732 | 4.2% | 68.6 | 77.5 | (8.9) |
| New York | 2,509,474 | 2,431,693 | 3.2% | 66.4 | 65.5 | 0.9 |
| Pennsylvania | 2,302,573 | 2,272,869 | 1.3% | 65.3 | 69.7 | (4.3) |
| New Jersey | 1,977,758 | 2,004,260 | -1.3% | 64.3 | 75.1 | (10.8) |
| Wisconsin | 1,756,490 | 1,664,416 | 5.5% | 63.8 | 66.6 | (2.7) |
| North Carolina | 1,522,625 | 1,385,661 | 9.9% | 62.8 | 72.7 | (9.9) |
| Georgia | 1,346,847 | 1,344,961 | 0.1% | 61.1 | 60.8 | 0.4 |
| Massachusetts | 1,122,074 | 1,124,566 | -0.2% | 63.1 | 61.9 | 1.3 |
| Michigan | 1,091,383 | 1,130,835 | -3.5% | 68.8 | 61.3 | 7.5 |
| Missouri | 989,295 | 1,002,698 | -1.3% | 55.0 | 54.7 | 0.4 |
| Louisiana | 956,353 | 860,759 | 11.1% | 49.0 | 45.1 | 3.9 |
| Oregon | 953,971 | 766,705 | 24.4% | 79.1 | 88.0 | (8.9) |
| Tennessee | 947,979 | 947,781 | 0.0% | 59.6 | 59.2 | 0.4 |
| Virginia | 924,751 | 977,025 | -5.4% | 66.1 | 64.2 | 1.8 |
| Minnesota | 866,972 | 872,739 | -0.7% | 63.4 | 64.3 | (0.9) |
| South Carolina | 798,921 | 748,964 | 6.7% | 54.1 | 68.4 | (14.3) |
| Indiana | 791,347 | 817,877 | -3.2% | 62.8 | 64.5 | (1.7) |
| Connecticut | 731,246 | 731,741 | -0.1% | 82.7 | 71.1 | 11.7 |
| West Virginia | 712,932 | 771,979 | -7.6% | 55.4 | 78.3 | (22.9) |
| Maryland | 680,987 | 686,933 | -0.9% | 80.0 | 70.1 | 9.9 |
| Kentucky | 637,084 | 681,732 | -6.5% | 65.5 | 68.0 | (2.5) |
| Iowa | 553,991 | 531,152 | 4.3% | 67.7 | 71.8 | (4.0) |
| Nevada | 528,810 | 497,714 | 6.2% | 62.8 | 51.9 | 10.9 |
| Utah | 511,316 | 488,114 | 4.8% | 58.6 | 58.9 | (0.2) |
| Oklahoma | 461,279 | 423,885 | 8.8% | 71.8 | 70.8 | 1.0 |
| Kansas | 429,708 | 415,270 | 3.5% | 67.2 | 62.9 | 4.2 |
| Colorado | 405,143 | 378,808 | 7.0% | 63.5 | 54.6 | 8.9 |
| Alabama | 399,361 | 382,194 | 4.5% | 73.0 | 61.8 | 11.2 |
| Arizona | 398,555 | 345,794 | 15.3% | 66.2 | 65.9 | 0.4 |
| Mississippi | 352,919 | 338,125 | 4.4% | 57.2 | 61.0 | (3.8) |
| Nebraska | 342,121 | 351,101 | -2.6% | 57.6 | 65.5 | (7.9) |
| Alaska | 331,018 | 345,202 | -4.1% | 45.7 | 35.2 | 10.5 |
| Hawaii | 325,741 | 356,161 | -8.5% | 38.0 | 38.5 | (0.5) |
| Arkansas | 286,866 | 303,880 | -5.6% | 21.0 | 54.7 | (33.7) |
| New Mexico | 280,394 | 278,502 | 0.7% | 67.1 | 54.7 | 12.4 |
| New Hampshire | 271,363 | 304,720 | -10.9% | 54.3 | 60.7 | (6.4) |
| Delaware | 266,018 | 246,666 | 7.8% | 57.2 | 69.9 | (12.7) |
| Maine | 240,399 | 242,088 | -0.7% | 69.7 | 72.9 | (3.2) |
| Other Alien | 203,816 | 47,158 | 332.2% | (89.7) | (7,862.3) | 7,772.6 |
| Rhode Island | 201,945 | 201,150 | 0.4% | 63.1 | 67.9 | (4.8) |
| Vermont | 190,069 | 205,403 | -7.5% | 53.1 | 65.0 | (12.0) |
| Dist of Col. | 163,228 | 171,752 | -5.0% | 49.4 | 46.9 | 2.5 |
| South Dakota | 138,613 | 130,980 | 5.8% | 85.7 | 70.1 | 15.6 |
| Idaho | 137,128 | 124,234 | 10.4% | 64.5 | 75.0 | (10.5) |
| Montana | 113,175 | 107,362 | 5.4% | 69.9 | 78.8 | (8.9) |
| Washington | 50,685 | 45,876 | 10.5% | 102.6 | 60.6 | 41.9 |
| Ohio | 28,362 | 39,643 | -28.5% | 64.7 | 50.8 | 13.8 |
| Wyoming | 9,895 | 5,195 | 90.5% | 33.0 | (4.1) | 37.1 |
| Guam | 3,265 | 1,718 | 90.0% | 38.6 | 58.2 | (19.6) |
| Puerto Rico | 1,399 | 1,720 | -18.7% | 38.4 | (5.1) | 43.5 |
| Canada | 454 | 563 | -19.4% | 32.8 | 50.5 | (17.7) |
| North Dakota | 298 | 1,131 | -73.7% | (55.7) | (127.0) | 71.3 |
| Virgin Islands | 157 | 111 | 41.4% | (41.1) | (99.0) | 57.9 |
| N Mariana Isl | 33 | 22 | 50.0% | 10.3 | (9.1) | 19.4 |
| Amer Samoa | 0 | 0 | - | - | - | - |
| * P&C Industry Aggregate | 46,405,872 | 47,272,625 | -1.8% | 59.0 | 57.8 | 1.1 |

Source: NAIC Annual Statement Database via Highline Data
For information, contact Chris Rogers at 877-299-9424

► **LOUISIANA AND OREGON REPORTED DOUBLE-DIGIT** jumps in premium in 2007, even though total direct premiums for all states fell nearly 2 percent.

About NU's WC Data:

SOURCE: NAIC Annual Statement Database via Highline Data—an affiliated company of *National Underwriter*—based on data available through mid-July.

The insurance data is derived principally from National Association of Insurance Commissioners statutory data.

Data for this report was retrieved from the Insurance Analyst PRO online product of Highline Data and the U.S. Insurance CD-ROM product, both of which exclude data for some state funds (including the State Compensation Insurance Fund in California) per an agreement with the NAIC.

Highline Data, headquartered in Cambridge, Mass., is a provider of insurance industry financial performance data and educational services.

Highline Data is part of Summit Business Media, parent company of *National Underwriter*.

Contact Chris Rogers at 877-299-9424 for more information.

CHARTS: Individual group and company direct results on the accompanying Top-50 (page 23) and by-state charts (on this page) were calculated using premium, loss and expense data from the from state pages of the annual statement.

Net (of reinsurance) results on the Top-50 chart are from the Insurance Expense Exhibit of the annual statement.

DEFINITIONS: A pure loss ratio is the ratio of incurred losses to earned premiums.

To calculate a loss and loss adjustment ratio, defense costs and other claims-handling costs are added to incurred losses before dividing by earned premiums.

A combined ratio is essentially the sum of a loss and loss adjustment ratio and an expense ratio—which compares underwriting expenses, such as commissions, to written premiums. A ratio of policyholder dividends to earned premiums is also deducted.

Incurred losses used in loss ratio and combined ratio calculations for any given calendar year consist of losses paid and reserves set up for claims that occurred during that year (current accident year incurred losses) and changes in losses reserves for claims that occurred in prior years.

STATE FUNDS EXCLUDED: The NUIDS database excludes data for some (but not all) state funds representing more than \$3 billion in premiums.

► continued on page 32



NU's Top-50 WC Writers



DIRECT RESULTS (\$000)

NET RESULTS (\$000)

| | Workers' Comp | | | Workers' Comp | | | Net Premium | | | | |
|--|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|----------------|-------------------|
| | Written Premium | Percent Growth | Pure Loss Ratio | (Better/Worse) | Written Premium | Percent Growth | Pure Loss Ratio | (Better/Worse) | Combined Ratio | (Better/Worse) | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | |
| 1 American International Group | 6,157,334 | 6,575,397 | -6.4% | 50.5 | 53.6 | (3.2) | 6,261,344 | 64.0 | 65.4 | (1.4) | 95.3 94.0 1.4 |
| 2 Liberty Mutual Insurance Group | 5,575,863 | 5,580,221 | -0.1% | 71.4 | 66.1 | 5.3 | 4,930,628 | 72.4 | 70.9 | 1.6 | 114.7 107.1 7.6 |
| 3 Zurich Insurance Group | 3,164,431 | 2,722,282 | 16.2% | 80.9 | 57.2 | 23.8 | 1,821,314 | 92.8 | 56.9 | 35.9 | 116.6 107.6 9.0 |
| 4 Travelers Group | 2,806,740 | 2,798,473 | 0.3% | 71.1 | 72.7 | (1.6) | 2,300,619 | 65.5 | 82.7 | (17.2) | 92.9 104.5 (11.6) |
| 5 Hartford Fire & Casualty Group | 2,594,272 | 2,669,899 | -2.8% | 53.3 | 63.5 | (10.1) | 2,382,610 | 54.4 | 59.3 | (4.9) | 94.6 97.2 (2.6) |
| 6 ACE Ltd Group | 1,321,945 | 1,294,544 | 2.1% | 24.3 | 46.6 | (22.3) | 567,328 | (5.7) | 29.5 | (35.2) | 66.7 80.9 (14.2) |
| 7 CNA Insurance Group | 1,057,262 | 1,117,709 | -5.4% | 82.9 | 71.2 | 11.7 | 998,618 | 85.0 | 71.4 | 13.6 | 125.2 128.6 (3.4) |
| 8 Accident Fund Group | 839,321 | 687,219 | 22.1% | 58.0 | 64.8 | (6.8) | 816,121 | 56.2 | 61.9 | (5.6) | 93.5 102.1 (8.6) |
| 9 Chubb & Son Group | 836,142 | 840,074 | -0.5% | 38.5 | 40.6 | (2.1) | 825,958 | 39.0 | 42.2 | (3.2) | 78.4 79.8 (1.4) |
| 10 Berkshire Hathaway Ins. Group | 780,598 | 1,099,167 | -29.0% | 52.3 | 49.0 | 3.3 | 774,250 | 53.3 | 50.5 | 2.9 | 92.3 82.6 9.7 |
| 11 Texas Mut Ins Co | 751,916 | 743,095 | 1.2% | 66.2 | 64.4 | 1.8 | 751,005 | 65.4 | 65.6 | (0.2) | 114.7 80.6 34.1 |
| 12 Zenith National Insurance Group | 736,686 | 921,446 | -20.1% | 35.6 | 16.1 | 19.4 | 717,154 | 20.7 | 16.9 | 3.9 | 71.3 67.3 4.0 |
| 13 WR Berkley Group | 733,472 | 719,842 | 1.9% | 55.4 | 48.0 | 7.4 | 593,294 | 82.6 | 56.6 | 26.0 | 133.8 89.1 44.8 |
| 14 Brickstreet Mut Ins Co | 707,706 | 765,963 | -7.6% | 53.1 | 79.1 | (26.0) | 702,564 | 53.5 | 79.5 | (26.0) | 72.0 95.8 (23.8) |
| 15 Old Republic Group | 598,310 | 529,421 | 13.0% | 66.1 | 74.6 | (8.5) | 360,295 | 59.3 | 62.0 | (2.7) | 93.6 96.3 (2.7) |
| 16 SAIF Corp | 588,877 | 449,794 | 30.9% | 86.4 | 92.9 | (6.5) | 591,516 | 86.0 | 91.5 | (5.4) | 120.0 113.9 6.2 |
| 17 New Jersey Manufacturers Group | 500,292 | 506,535 | -1.2% | 65.4 | 77.7 | (12.2) | 497,916 | 64.9 | 77.8 | (12.8) | 95.0 105.0 (10.0) |
| 18 Penn Mfr Asn Ins Group | 461,076 | 374,796 | 23.0% | 66.6 | 63.3 | 3.3 | 352,562 | 54.1 | 55.7 | (1.5) | 96.3 97.9 (1.6) |
| 19 AmTrust Group | 404,927 | 287,027 | 41.1% | 54.5 | 55.7 | (1.2) | 137,351 | 60.7 | 52.1 | 8.6 | 97.5 71.6 25.9 |
| 20 QBE Insurance Group | 399,542 | NA | NA | 55.6 | NA | NA | 271,685 | 63.3 | NA | NA | 119.4 NA NA |
| 21 Cincinnati Financial Group | 396,205 | 397,379 | -0.3% | 69.9 | 71.6 | (1.7) | 377,504 | 69.4 | 70.0 | (0.7) | 108.7 109.5 (0.8) |
| 22 Sentry Insurance Group | 375,727 | 414,702 | -9.4% | 67.0 | 64.0 | 3.0 | 346,106 | 64.3 | 54.2 | 10.2 | 105.3 92.8 12.5 |
| 23 Auto Owners Group | 375,028 | 346,732 | 8.2% | 55.6 | 66.5 | (10.9) | 388,241 | 55.2 | 66.9 | (11.7) | 83.2 97.0 (13.8) |
| 24 Selective Insurance Group | 349,391 | 337,899 | 3.4% | 64.2 | 70.1 | (5.9) | 352,887 | 63.3 | 71.8 | (8.5) | 101.7 108.1 (6.4) |
| 25 Employers Insurance Group | 346,274 | 392,676 | -11.8% | 36.1 | 28.7 | 7.3 | 338,568 | 34.9 | 26.2 | 8.7 | 83.6 70.7 12.9 |
| 26 American Financial Insurance Group | 340,842 | 398,233 | -14.4% | 50.2 | 50.0 | 0.2 | 274,506 | 44.3 | 42.6 | 1.7 | 100.6 92.3 8.3 |
| 27 State Farm IL Group | 333,603 | 383,395 | -13.0% | 46.5 | 53.7 | (7.3) | 344,641 | 48.6 | 54.4 | (5.8) | 90.0 96.3 (6.2) |
| 28 Amerisafe Group | 322,142 | 325,775 | -1.1% | 52.0 | 50.2 | 1.8 | 306,160 | 55.6 | 55.4 | 0.2 | 86.9 89.9 (3.0) |
| 29 Amerisure Group | 312,777 | 315,464 | -0.9% | 51.1 | 43.0 | 8.1 | 286,372 | 49.3 | 45.2 | 4.1 | 93.0 88.0 5.1 |
| 30 Erie Insurance Group | 306,563 | 322,737 | -5.0% | 67.9 | 57.8 | 10.2 | 315,438 | 67.1 | 57.3 | 9.9 | 100.2 94.6 5.7 |
| 31 Workers Compensation Fund (Utah) | 280,521 | 292,473 | -4.1% | 58.9 | 60.9 | (2.0) | 289,728 | 55.0 | 62.2 | (7.2) | 104.9 103.0 2.0 |
| 32 Louisiana Workers Compensation Corp | 271,634 | 261,869 | 3.7% | 45.6 | 32.1 | 13.5 | 257,530 | 46.5 | 51.9 | (5.4) | 86.4 100.0 (13.7) |
| 33 Nationwide Group | 267,274 | 254,913 | 4.8% | 52.2 | 59.9 | (7.7) | 277,518 | 47.4 | 55.4 | (8.0) | 83.6 89.4 (5.9) |
| 34 Seabright Ins Co | 266,645 | 218,375 | 22.1% | 40.9 | 41.3 | (0.4) | 261,235 | 43.6 | 44.0 | (0.4) | 78.8 79.6 (0.8) |
| 35 Endurance Group | 262,228 | 93,779 | 179.6% | 59.4 | 66.5 | (7.0) | 120,025 | 59.0 | 56.9 | 2.1 | 99.1 132.5 (33.3) |
| 36 FCCI Mutual Insurance Group | 258,746 | 291,811 | -11.3% | 67.0 | 55.4 | 11.6 | 254,528 | 59.5 | 47.2 | 12.3 | 109.8 97.1 12.7 |
| 37 Fairfax Financial Group | 238,159 | 280,595 | -15.1% | 40.1 | 59.6 | (19.5) | 251,854 | 44.9 | 48.3 | (3.4) | 114.1 104.3 9.8 |
| 38 Acuity A Mut Ins Co | 231,016 | 239,493 | -3.5% | 53.3 | 49.8 | 3.5 | 220,213 | 54.7 | 49.4 | 5.3 | 93.1 86.2 6.9 |
| 39 BCBS of SC Group | 227,756 | 229,926 | -0.9% | 62.6 | 74.8 | (12.2) | 69,401 | 55.7 | 61.1 | (5.4) | 94.8 93.1 1.7 |
| 40 EMC Insurance Group | 224,555 | 217,158 | 3.4% | 51.1 | 52.2 | (1.1) | 215,260 | 55.6 | 54.8 | 0.7 | 100.8 102.2 (1.4) |
| 41 Everest Reinsurance Holdings Group | 223,268 | 295,284 | -24.4% | 45.1 | 38.3 | 6.8 | 160,719 | 28.3 | 24.0 | 4.3 | 76.1 66.9 9.2 |
| 42 AmCOMP Group | 220,565 | 266,827 | -17.3% | 40.7 | 49.6 | (8.9) | 221,084 | 42.9 | 52.4 | (9.4) | 91.1 95.0 (3.9) |
| 43 West Bend Mutual Group | 212,684 | 217,973 | -2.4% | 64.1 | 64.6 | (0.5) | 188,432 | 70.4 | 66.5 | 3.9 | 109.6 96.7 12.9 |
| 44 Guard Insurance Group | 203,189 | 198,681 | 2.3% | 54.9 | 77.5 | (22.6) | 197,678 | 57.7 | 69.2 | (11.5) | 99.9 106.4 (6.5) |
| 45 Federated Mutual Group | 189,950 | 186,400 | 1.9% | 68.3 | 60.3 | 8.0 | 189,579 | 68.0 | 59.4 | 8.6 | 103.5 95.9 7.6 |
| 46 Swiss Reinsurance Group | 184,887 | 364,021 | -49.2% | 74.4 | 49.0 | 25.4 | 49,723 | 102.7 | 61.5 | 41.1 | 515.5 105.4 410.1 |
| 47 Maine Employers Mutual Group | 184,761 | 185,491 | -0.4% | 57.3 | 62.9 | (5.6) | 182,576 | 58.9 | 64.0 | (5.1) | 98.4 100.3 (1.9) |
| 48 Arch Capital Group | 168,835 | 165,310 | 2.1% | 65.9 | 45.0 | 20.9 | 37,319 | 55.2 | 62.3 | (7.1) | 86.9 52.8 139.6 |
| 49 Argonaut Group | 166,970 | 159,897 | 4.4% | 50.0 | 47.8 | 2.2 | 76,344 | 46.1 | 47.7 | (1.6) | 94.8 80.4 14.5 |
| 50 Majestic Insurance Co | 165,663 | 66,584 | 148.8% | 45.6 | 57.9 | (12.3) | 93,513 | 51.1 | 53.0 | (1.9) | 89.0 99.6 (10.6) |
| Top 50 | 38,924,565 | 38,804,755 | 0.3% | 59.4 | 58.7 | 0.7 | 33,598,814 | 61.4 | 60.7 | 0.7 | 101.0 96.5 4.6 |
| P&C Industry Aggregate | 46,405,872 | 47,272,625 | -1.8% | 59.0 | 57.8 | 1.1 | 40,858,588 | 60.8 | 59.7 | 1.1 | 101.5 95.4 6.1 |

Source: NAIC Annual Statement Database via Highline Data
For information, contact Chris Rogers at 877-299-9424

► **HALF OF THE NATION'S BIGGEST WORKERS' COMP WRITERS SAW THEIR COMBINED RATIOS FALL LAST YEAR**, while the other half—including the three largest comp writers—reported higher combined ratios in 2007 than in 2006. While the industry loss ratio deteriorated only 1.1 points, a 3.5 point jump in the expense ratio helped push the industry combined ratio up 6 points.



Public Meeting Notice Admin

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Notice Published Successfully

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Meeting Title: Board of Trustees

Government
Type: Special Districts

Entity: Utah Counties Insurance Pool

Public Body
Name: Board of Trustees

Meeting
Subject: Insurance

Street
Address: 10980 S. Jordan Gateway

Street Address
continued:

City: South Jordan

Zip: 84095

Start Date: Sep 11, 2008

End Date: Sep 11, 2008

Agenda: Call to Order and Welcome New Board Member, LaMar Guymon Excuse Board Members
Absent Approval of August 11, 2008 Meeting Minutes Approve 2007 Audit Report
Amendments Set Date and Time for Closed Meeting to Discuss Character, Professional
Competence, Physical/Mental Health of an Individual Action on Personnel Matters Set Date
and Time for Closed Meeting to Discuss the Pending or Reasonably Imminent Litigation
Action on Litigation Matters Review/Approve UCIP Employee Manual Amendments
Ratification of Lease Agreement with Western Ag Credit Ratification and Approval of
Payments and Credit Card Transactions Review/Approve Law Enforcement Program
Reimbursement Review Certificate in Risk Management Conference Survey Results Review
Property Appraisal Report Review Benefits Program Investment Management Report 2008
Budget Report Review/Amend Board Meeting Schedule Other Business

ADA: In compliance with the Americans with Disabilities Act, individuals needing special
accommodations (including auxiliary communicative aids and services) during this meeting
should notify Sonya White at the Utah Counties Insurance Pool, PO Box 760, Midvale, UT
84047, or call 800-339-4070, at least three days prior to the meeting.

Electronic
Participation: Any Member of the Utah Counties Insurance Pool Board of Trustees may participate
telephonically.

Other:

Emergency
Meeting No

Sonya White

From: support@utahinteractive.org
Sent: Tuesday, September 09, 2008 5:02 PM
To: Sonya White
Subject: Meeting Notice for Board of Trustees

Board of Trustees

Subject: Insurance

Meeting Title: Board of Trustees

Meeting Date & Time: Thu Sep 11 14:00:00 MDT 2008 - Thu Sep 11 17:00:00 MDT 2008

Description/Agenda: Call to Order and Welcome New Board Member, LaMar Guymon Excuse Board Members Absent Approval of August 11, 2008 Meeting Minutes Approve 2007 Audit Report Amendments Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual Action on Personnel Matters Set Date and Time for Closed Meeting to Discuss the Pending or Reasonably Imminent Litigation Action on Litigation Matters Review/Approve UCIP Employee Manual Amendments Ratification of Lease Agreement with Western Ag Credit Ratification and Approval of Payments and Credit Card Transactions Review/Approve Law Enforcement Program Reimbursement Review Certificate in Risk Management Conference Survey Results Review Property Appraisal Report Review Benefits Program Investment Management Report
2008 Budget Report
Review/Amend Board Meeting Schedule
Other Business

Notice of Special Accommodations: In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah Counties Insurance Pool, PO Box 760, Midvale, UT 84047, or call 800-339-4070, at least three days prior to the meeting.

Notice of Electronic or telephone participation: Any Member of the Utah Counties Insurance Pool Board of Trustees may participate telephonically.

Other information:

Meeting Location: 10980 S. Jordan Gateway, South Jordan, 84095

Contact information: Sonya White, sonya@ucip.utah.gov, 801-565-8500 No virus found in this incoming message.

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